Vol. XXX, No. 11 Does the Farmer Deserve Credit? . . . Page 9 November, 1928

CREDIT MONTHLY

Painted by Andrew Winter.

● N.A.C.M.

Greater Prosperity for All Our People
Lies in FOREIGN TRADE . . . Page 7

15 cents

$3 a Year

IT is doubtful that there will ever be a reduction in the demand for shoes or that leather with its many useful applications will cease to be popular.

The business of outfitting the public offers possibilities which are attractive to the ambitious merchant. Each addition to the large number of retailers in this class increases the credit problems of the manufacturer and wholesaler.

While you may not have the advantage of seeing his business from the inside you should use every facility to the utmost to prove the merchant's worth as a credit risk. Your analysis cannot be complete without a survey of the insurance protection afforded. Insist that this be adequate.

Globe & Rutgers Fire Insurance Company

Addresses Wanted

This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.

ADDIS, A. A., last heard of in Fort Worth, formerly located at Sioux Falls, South Dakota, and Peoria, Ill.

ATKINSON, F. P., formerly operating a store at Darnell, La. Left that point in 1926. Now somewhere in Oklahoma.

AUSTIN, HENRY E., formerly 1409 L St., N. W. or 2116 No. Capitol St., Washington, D. C. Mfrs. (representative specialty salesman.)

BAILEY, CHAS. P. Lincoln Beverage Co., 400 Amberson Ave., Pittsburgh.

BASMOPAN, L. or BASMAPAU, formerly operating as Paramount Engraving Co., 8 West 13th Street, New York.

BERGEMAN, A. H., formerly of 4803 North Kedzie Avenue and 4515 Indiana Ave., Chicago.

BLAKEMAN, F. C., formerly 2117 Madison Ave., Toledo. While in Toledo was Traffic Manager for Dodge Bros. Motor Co.

BUELL, JACK, formerly located at 4555 Marmora Ave., Chicago.

CAPITAL CLOAK CO., 240 W. 35th St., N. Y.

CARROLL, T. H., formerly residing at L and 12th Street, and owning the Lakeworth Wholesale Bread Co., Corner C and 10th Ave., Lakeworth, Florida. Moved to South Bend.

CLARY, GEORGE B., formerly of Bluefield, W. Va. or Lynchburg, Va.

COFFMAN, CHARLES, formerly of 89th and Maple Streets, Omaha, paper hanger and painter. Left the city.

COMPASS BROS., 11 West Lancaster Ave., Ardmore, Pa.

CUNNIFF, BERNARD, Pres. Colloidal Equipment Corp., 622 W. 57th St., N. Y.

DANIEL, HUGH, formerly Daniel's Varsity Shop, 743 N. Vermont Ave., Los Angeles.

DATEMA, RICHARD, formerly located at West Ontario St., Chicago.

DeMAR, JACK, formerly located at 1360 West Madison St., Chicago.

DeTAMBLE, JOHN W., formerly in electrical construction business, North Ave., Chicago. Later Forest Electric Shop in Forest Park, Ill.

EISNER (MAXWELL M.) & JARVIS (JOHN E.) props. Bryant Garage, 940 Bryant Ave., N. Y.

EPSTEIN, M. W., formerly located at 627 8th Ave., So. Minneapolis. Now rumored to be in Chicago.

EUCLID CLOTHES SHOP, Louis Steinberg & Norman Bloom, formerly of Pittsburgh. Later 501 Euclid Ave., Cleveland, engaged in real estate and RR sidings lines.

FRAZER, W. J., formerly 206 Broadway, 13 Fulton St., 214 E. 51st St., N. Y.

FREEDHEIM, ISAAC, formerly operating a delicatessen store at 4902 North Kedzie Ave., Chicago.

GARVEY, R. M., formerly with the Metro Electric Co., 2163 North California Ave., Chicago.

GENTRY & YUNDT, Prop. Delmar Laboratories, Chicago.

GRAVES, C. R., 37 Erie St., Milwaukee, Pres. Mack Financial Pub. Solicits Advertising thru Bldg. & Loan Ass'n.

GREEN, STUART, formerly in Business at Lima, Ohio. Last heard of in Florida.

HARRELL, J. B., Drug Co., Earlsboro, Okla.

HEMMIS, MARYANNE, formerly located at 3155 North Long Ave., Chicago.

KILCRAN, J. T., formerly operating as the J. T. Kilcran Sign Co., 413 E. 50th St., Chicago.

KLAESSON, R. H., R. D. F. No. 1, Brighton, N. Y., formerly in business at Rochester.

KYKER, D. H., formerly of Hattiesburg, Miss., operating the Kyker News Stand, later distributor for Times Picayune Publishing Company, New Orleans.

LANE, W. V., D.D.S., formerly of Crescent, Okla.

LA SALA, JOSEPH, 580 Clinton Ave., Trenton.

LEINDORF, EMIL, former President the Concourse Bus Co., Inc., N. Y. Was reported living in Pasadena, Calif., where he was interested in the trucking business. Now believed to be located in Canada.

LEWIS, M. B., Jacksonville, Ill., also Fowler, Ill.

LINDER, EARL S., Clerk, formerly located at 430 N. Meridan St., Indianapolis. Previous addresses, Chicago and Cleveland.

LOEB, CHAS. I., 98 Greenpoint Ave., Brooklyn.

MANSBERGER & DOWNS, contractors formerly of Birmingham, and other points.

MARTINO, JOSEPH, Brooklyn.

McCLINTON, W. P., Salesman, originally from Des Moines, later in Los Angeles. Left for parts unknown.

McCREARY, FRED R. (DR.) 200-1 Greer Bldg., New Castle, Pa.

McCULLOUGH, THOMAS, a painter, formerly of Birmingham.

MEYERS, MAX, operated Meyers Motor Sales Co., 6510 Fifth Ave., Brooklyn.

MITCHELL, H. D., 797 Newark Ave., Jersey City.

MURRAY'S GOODY SHOPPE, INC., formerly 7 W. Tremont Ave., N. Y.

O'LEARY, JACK, formerly at 625 Locust St., Toledo.

PANOS, CHARLES, formerly of Shenandoah, Pa.

PHILLIPS HOUSE FURNISHING COMPANY, 3523 Kensington Ave., Philadelphia.

PUCKETT, J. H., Real estate salesman, former address 1517 Kenmore Ave., last heard of in Detroit.

RACINE, E. J., formerly in the garage business in El Paso.

RIEDER, M. F., formerly in business at E Dubuque, Illinois.

ROBINSON, F. N., formerly of Bristow, and later located at Oklahoma City.

ROBINSON, JOHN L., Cotton-Broker, formerly 27½ W. Fourth St., Charlotte, N. C.

ROSENBLATT, ABRAHAM, doing business at International Auto Painting Co., 2266-9 Nostrand Ave., Brooklyn.

ROXY SPECIALTY SHOP, 826 6th Ave., N. Y.

SCHWARZ, FRED E., formerly located at 1915 Glenayle Avenue, Chicago. Supposed to have gone to Rockford, Ill.

SHERMAN, B., Maroneck, L. I.

SLOMIN, FANNIE, formerly Valley Stream, N. Y. may be in New York.

SOARES, E. & CO., formerly Hartford, Conn.

SPRINGER, R., 2080 Maple Ave., Residence 2080 Maple Ave., N. Y.

STALEY, W. M. MFG. CO., formerly located at 200 Water Street, Benton Harbor, Michigan.

SUSSMAN & CO., H., formerly 905 E. Baltimore St., Baltimore, previously trading as Sussman & Lev, 923 E. Baltimore Ave., Baltimore.

TRUEVAL SILK GARMENT CO., 31 E. 21st St., N. Y.

UNITED SERVICE CO., formerly located at 12335 Second Ave., Detroit.

UTSLER, O. C., prop., Peoples Grocery, 118 E Randolph, Enid, Okla.

WEIN (EVELYN) & ABRAMS (FAY) Evelyn & Fay Shop, c/o Sylvia & Betty Shop, 122 Second Avenue, N. Y.

A Record Year for United States Exports

AMERICAN export trade, on the basis of the first nine months' figures for this year, is larger than any previous year and larger in value than any year since 1921, says the National Foreign Trade Council in a report just made on 1928 foreign trade. This indicates clearly the enormous and increasing importance of foreign trade to the credit executives of the United States.

Of the $3,563,000,000 worth of exports reported up to the end of September about 73 per cent., the highest proportion on record, the Council points out, represents goods wholly or partly manufactured. About one-fifth of these manufactured goods go to Latin-America, where we are now selling more than our three leading competitors—England, Franced an Germany—combined, and where we are now the leading supplier to every one of the twenty republics south of the Rio Grande.

The report continues:

The American manufactured exports, valued at more than $2,600,000,000, which have been sold abroad during the first nine months of this year, exceed by more than $50,000,000 our entire exports for the year 1913 of raw and manufactured goods combined, and exceed the exports of all commodities from any other nation than Great Britain for the whole of 1927. They represent a substantial gain over recent years for many important American industries.

The most recent figures of trade, those of the fiscal year 1927-8, show that Canada has now become not merely our largest supplier but our best customer as well. Our Canadian neighbors are buying from us the astonishing total of $91.40 per capita per year, on the basis of the first six months of the present year. This is the largest per capita buying account of any important nation from a single supplier. A substantial item in Canada's export to us is that of service, our automobile tourists spending something like $200,000,000 a year in Canada.

CREDIT
MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor

CONTENTS FOR NOVEMBER, 1928

HOVE TO FOR THE PILOT............................*Andrew Winter* Cover
The bark, "Cliveden", freighter, painted by one of her crew

FORTY YEARS . . . . 12,000 WORKING DAYS............*Stephen I. Miller* 11

ADDRESSES WANTED 2

CONVICTIONS OBTAINED BY CREDIT PROTECTION DEPARTMENT, NATIONAL ASSOCIATION OF CREDIT MEN.. 4

ALL IN THE SAME BOAT.................................*Cuthbert Greig* 5
Here and Abroad Credit Problems are Similar

A TIME- AND TROUBLE-SAVER...............................*Albert B. Dod* 7
An Export Sales and Credit Manager Testifies

DOES THE FARMER DESERVE CREDIT?.....................*N. W. Kindgren* 9

THE COLLECTION AGENCY..........................*Norman E. Panhorst* 12

COST OF CARRYING AN ACCOUNT................*Stanley Spurrier, C.P.A.* 13
The How and Why of Cost Calculation

THE CROOK I DIDN'T ARREST.............................*Maurice Crain* 15
A Fact Story

TRUST SERVICE AND CREDITS............................*A. B. Culbertson* 17
Credit Manager Has Valuable Ally in Trust Officer

WHERE DO WE GO FROM HERE?........................*Raymond E. Bell* 19
Opportunities for Self Preparation in Credit Job

BAD DEBT LOSSES .00585...*F. A. F.* 20
Among Leading Paint and Varnish Manufacturers

THE BUSINESS LIBRARY.........................*Frank A. Fall, Litt.D.* 22
More on Deferred Payments; Use of Financial Statements; More Light on Banking; New Accounting Text; Applied Economics

BULK SALES LAW HISTORY.. 25

ANSWERS TO CREDIT QUESTIONS.................................... 26

CHECKS DRAWN ON DEFUNCT BANKS..........*W. Randolph Montgomery* 30
Creditor's Rights When Check is Marked "Paid"

A COLLECTION SHEET...*M. S. Aaron* 32
Helps to Make Good Collections Better

INDIVIDUALISM *vs.* CO-OPERATION..............................*Carl A. Roy* 33

BUSINESS OUTLOOK IN SIX MAJOR LINES.............................. 34
More Optimistic Than Previous Month and Year

COURT DECISIONS AND WASHINGTON NOTES........................... 35

DIRECTORY OF N. A. C. M. OFFICERS AND BRANCHES........ 38

CREDIT MONTHLY Nov. 1928

Published on the 5th of every month by the National Association of Credit Men. Subscription price $3.00 a year, 25 cents a copy. Canada, $3.50. All other countries, $4.00 postpaid. Entered as second-class matter April 5, 1927, at the Post Office at New York, N. Y., U. S. A., under the Act of March 3, 1879.
Editorial and Executive Offices, One Park Avenue, New York, N. Y.,

Vol. XXX No. 11

One Month's Convictions

AUGUST, 1928

Obtained by the Credit Protection Department of the National Association of Credit Men

Case	Persons Convicted	Charge	Sentence
Royal Dress Mfg. Co., Inc. Boston, Mass. (Dress Mfrs.)	Austin J. Bono	Violation of Postal Laws	Sentenced to two years' imprisonment. Sentence suspended and fined sum of $500
M. Garbelnick Shoe Co. Haverhill, Mass. (Shoes)	Max Garbelnick	Concealment of assets	Sentenced to two years' imprisonment. Sentence suspended and placed on probation for two years
J. Cushing Company	Samuel L. White	Concealment of assets	Deferred
Malden, Mass.	Joseph Goredsky	Concealment of assets	Deferred
(Trucking)	George Gordon	Concealment of assets	Deferred
	Harry Bromfield	Concealment of assets	Deferred
Newburyport Tobacco & Novelty Co. Newburyport, Mass. (Confectioners)	Henry Krohn	Concealment of assets	18 months in the Plymouth House of Correction
Morris D. Gilbert Pawhuska, Okla. (Jewelry)	M. D. Gilbert	Vio. Sec. 29B N. B. A.	1 yr. 1 day on each of the two counts, sentences to run concurrently in the Federal Pen. at Atlanta, Ga.
Stanton Parker Goble, Oregon (Gen'l Mdse.)	Stanton Parker	Concealment of assets	One year County Jail, Portland, Oregon,—sentence suspended and subject paroled to his attorney. Fined $100

Total Convictions June 1, 1925, to Aug. 31, 1928—528

Suggestion: The above information will enrich your credit files!

CREDIT
MONTHLY

Vol. XXX NOVEMBER, 1928 No. 11

All in the Same Boat

Here and Abroad Credit Problems are Similar

By Cuthbert Greig

General Manager and Secretary, International Association for Promotion and Protection of Trade, Ltd., London, England

EUROPEAN credit managers are inclined to assume that the problems which confront them in the science of credit granting are of a fundamentally different character to those which present themselves to members of the American credit fraternity

In talking to credit managers in various cities in America, I have found that a similar view is often held among them. But after having the privilege of examining many of the difficulties and problems appearing in American credit offices, I am convinced that in actual fact the individual problem, although somewhat differently dressed to suit climatic and geographical conditions, remains in the final analysis precisely the same problem.

The British supplier has the "Long Firm Fraud" to contend with and his American brother has the professional bankruptcy merchant to disturb his peace of mind. The operation of the Long Firm in England, for instance, is as follows:

A, B, C, and D decide to operate a swindle organization and share the proceeds. They go off to four different towns and having obtained addresses commence the pleasant pastime of "milking" the manufacturer. The plan of campaign, with variations, remains constant. A obtains credit by the simple means of giving B, C and D as references. These gentlemen report favorable credit dealings with A, and give plenty of details of ledger information they so obligingly supply. B obtains credit by giving A, C and D as references, and so on. The first few consignments are always paid for at due date to provide further credit references from well-known supplying houses. Having prepared the ground, credit is then sought all over the country and on the Continent, and the goods obtained are resold at below manufacturing cost. When creditors can no longer be kept at bay by disputes or other artificial means of delaying payment, the four offices simultaneously close down and the principals fade gracefully away.

This particular fraud is no doubt equally well-known in America but it undoubtedly presents difficulties to the uninstructed credit grantor who depends entirely upon supplied references.

The Fake Wholesaler

Then there is the confidence trickster, dressed up as a wholesale purchaser. His method of operation is very simple. Let me quote an actual case:

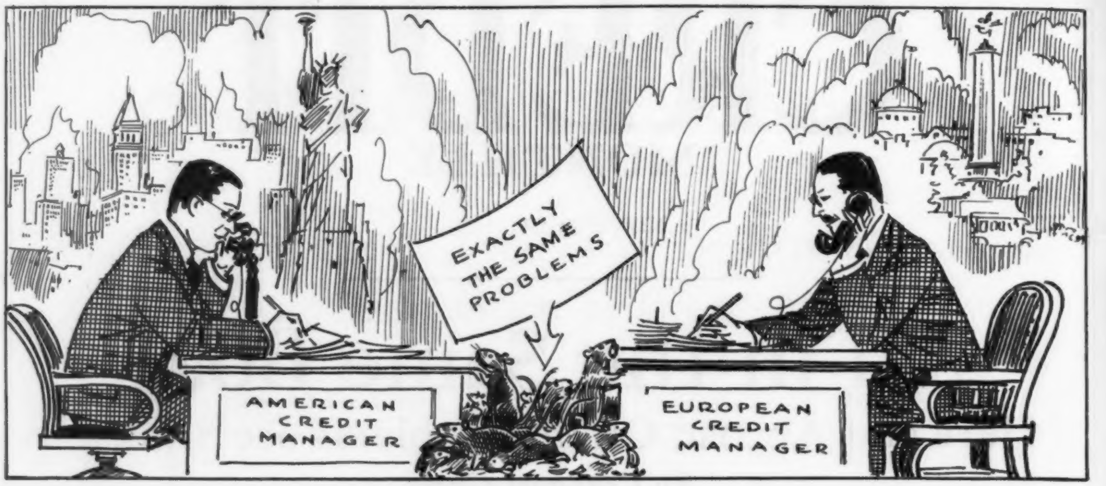
A certain manufacturer in Europe received a telegram asking for quotations for immediate delivery. This was followed up by a letter typed upon most substantial-looking notepaper, beautifully embossed with three or four telephone numbers, cable address and a half dozen branch offices. The address given was situated in a well-known section of a city which, needless to say, was a good distance from the manufacturer's place of business. The goods had to be sent by train at once or the order was to be cancelled.

The managing director of the manufacturing firm saw the order, and (impressed with the paper) O. K.'d it, in order not to lose the business. The credit manager, a profound disbeliever in the obvious, instructed his credit association to clear information by wire. It was found that the office was desk room in a well-known forwarder's office who had been persuaded to give accommodations "pending office accommodation being available," for the trickster, the telephone numbers were those of the good firm, the branch offices the private addresses of those said to be partners with the swindler, one of which was a low down tenement building.

Here again is an old trick which is met with everywhere; yet it is surprising how often creditors allow themselves to be caught by it

The problem of how to check the unfair taking of cash discount by the customer who has treated the transaction for all the world as if it were a charge account, could be discussed on either side of the Atlantic in identical terms. The fear that other manufacturers will not insist that a cash discount is not a special trade discount prevents anything like a firm stand being adopted by the manufacturing community as a whole against a very mean practice

The education of all credit grantors to the understanding that safety in credit can be obtained only by the closest possible co-operation between manufacturers (whether competitors or not), by the exchange of



ledger information through one centralized organization, is going forward in America. In England this education has hardly been attempted upon a national basis, the objections and difficulties put up against the course of action thus advocated being of precisely the same nature.

Inter-Trade Interchange

There are groups of manufacturers in America, as in Europe, in individual trades who, while willing to interchange information amongst themselves have not yet been brought to see the necessity of linking that interchange with other trade groups which are supplying the same purchaser. In this connection, the highest possible tribute should be paid to the National Association of Credit Men for the work they are doing in creating a spirit of national co-operation for the interchange of information, the fundamental basis of this important Association's operation appearing to be to bring all available credit experience from every angle into one pool.

A builder may have paid his paint suppliers on a particular job, but what of the timber, the brick or the sanitary trades? The divorcing of ledger information from a centralized clearing bureau into a number of local pools is without doubt a serious problem and will have to be solved before 100 per cent. protection can be achieved.

A few months ago, a credit swindler started in business in the west of England. He operated from quite a decent address, which was excellently furnished (on the instalment plan), ran a good car (again on the instalment plan) and lived as a tenant in an excellent block of furnished apartments. This gentleman, it transpired, called himself a druggists' supplier, wholesale paint dealer, hardware merchant, fancy goods dealer, Belgian importer, antique dealer, butchers' supplier, and goodness knows what else. He used superior note-paper with a suitable heading for each of his many trade interests, and his office bore only his own name with no description. The method of working was first to get credit in one trade and work up references, and then soak that particular trade for all it was worth, selling the goods as he received them, for any price that could be obtained. When that avenue closed, he turned to the next trade, and repeated the operation.

Various one-trade organizations which eventually became aware of these activities, prevented fresh credit from being given in the individual trade concerned. But owing to the fact that the operator was not worth suit, nothing was done to put an end to his operations. It was not until an association, which existed to bring about the co-ordination of credit information from all sources, got wind of what was happening that it was possible to place the adventurer safely behind the bars.

If close co-operation had existed between all trades, this gentleman's activities would speedily have been checked.

The same difficulties as to the terms of credit to be allowed are met with in Europe as in America, and the identical hesitation on the part of creditors to insist upon debtors' settling their accounts within a reasonable time of the agreed terms

Those of us who are interested in credit matters from the manufacturer's viewpoint sometimes forget the necessity of assisting in the credit education not only of the retail merchant, but also of the ultimate consumer, that is, the husband and housewife. The manufacturer might well consider what he can do to assist in convincing the private individual of the necessity of paying his accounts promptly. A national conscience upon credit matters would prove of immense benefit to the entire community.

Prompt payment by the individual would enable the retailer to pay the distributor at short date, the distributor the manufacturer, the manufacturer the supplier of raw materials, until the circle was complete and came back to the individual in the guise of that increased purchasing power resulting from the prosperity of increased output, employment and reduced production charges.

The basis of credit granting, like the basis of all money currencies, remains precisely the same whether one is thinking in terms of dollars, francs or pounds sterling. I am convinced that, sooner or later, concerted international co-operation to bring about a co-ordination of credit methods and ideals will undoubtedly take place. With the constant shrinking of distances by ever-improving and speedier transport, and the constantly growing world-wide interchange of commodities, an international interchange of experience amongst manufacturers, irrespective of nationality, will become not merely the ideal of the credit theorist, but the painful necessity of the practical business man.

A Time- and Trouble-Saver

An Export Sales and Credit Manager Testifies

By Albert B. Dod

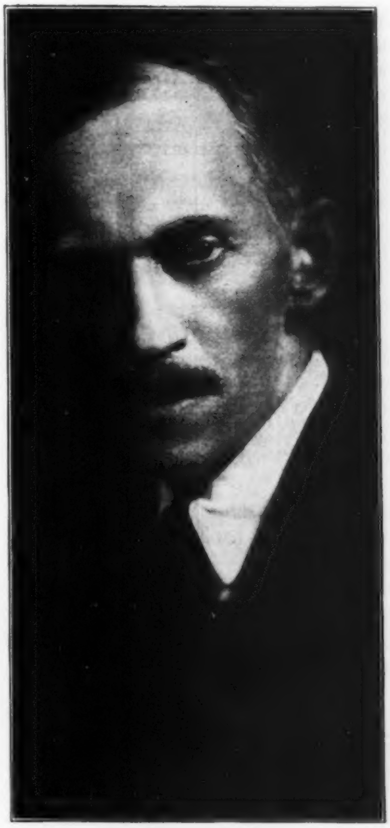
Owens Bottle Co., Toledo

BECAUSE of the rather unusual position which life has thrust on me—Export Sales and Export Credit Manager at the same time—some of my Credit Manager friends may find my words too much tainted with the Sales Department's slant or phraseology.

Most of us agree that the best report on a man is the one which shows how he *has* acted and *is* acting. Such a report is an excellent guide to how he is going to act in the future. This is the interchange report as distinguished from mere antecedent information, which is nothing more than a background showing how he can act if he wants to.

The interchange report is just what we would get if we wrote and were fortunate enough to know whom to write to and got all our letters answered—except that all this has been done for us without our having to take the trouble, and at a cost 'way below what we could get the same thing done for if we wrote all of these letters.

Furthermore, in the interchange report, the replies are put into such uniform, standard shape that we can, with a minimum of time and effort, get the meat out of the cocoanut at a single glance, if I may use the phrase.



MR. DOD HAS BEEN ACTIVELY IDENTIFIED WITH FOREIGN TRADE FOR MORE THAN 25 YEARS

My personal time on these reports, because of my dual duties mentioned above, has to be at a minimum. But I do consider every interchange report received of such value that *I read each one.* To get the meat out of the cocoanut quickly, we should glance over the rating column; and if, besides this, we glance over the payment column, we get a satisfactory bird's-eye view of each report.

Memory is valuable only as an index; it is not a trustworthy servant. But if the Credit Manager has this memory index from his glancing over the rating column for those cases that do not require a more profound, or detailed consideration, (because they may not be important enough at the moment to him), it is a valuable time saver. Then, if some case comes up that does require more thorough consideration for, let us say, a decision on an order, he can turn to his interchange report in his files for the greater detail that the case requires.

An interchange report, beside the advantages mentioned, is also a far more impartial statement of facts, in my opinion, than any other known method of getting information.

"Greater Prosperity for All our People"

"EVERY factor of our enterprise, agriculture, commerce, communication, finance, industry and transportation has a vital interest in our foreign trade, for in its maintenance and development lies the way to greater prosperity for all our people."—*James A. Farrell, President, U. S. Steel Corporation and Chairman, National Foreign Trade Council.*

FOREIGN CREDIT INTERCHANGE BUREAU
National Association of Credit Men
One Park Avenue New York, N. Y.

VIGILANTIA

AF

REPORT ON: Name and address withheld

10-22-28
Sheet 7"-E
Inq.#4208

TERMS OF SALE

MANNER OF PAYMENT

How Long Sold	Terms of Sale Key No.	Terms of Sale Details	Highest Recent Account	Date Last Dealings	Amt. now Owing (including outstanding drafts)	Amount Past Due	Number Days Past Due	Manner of Payment (Use Code)	Rating (Use Code)	Credit Limited (If Any)	Credit Declined (Give Reason)	REMARKS
Yrs		Days										
Yrs	16	90	262	9-'28	262			C-J				
6	16	120 D/D	325	9-'28	585			I	R			
12	16	90	258	9-'28	128	Not due		I	S			
3	16	120	249	9-'28	249			C	S			
5	16	120	205	9-'28	205			I	S			
8	15	90	90	9-'28	90			I				
Yrs	16	90	244	8-'28	244			I	S			
8	16	90	127	8-'28	127			J	S			
1928	11	30	74	8-'28	74			I	S			
Yrs	16	120	1000	7-'28	600			I	S			
Yrs	16	90	116	2-'28				I	S			
Yrs	16	90	230	1-'28	230	230	7 mo.	J	S			
14	1c	120 2%-60	150	12-'27				I	R			
Sev	16	120	913	11-'27	913	913	7 mo.	C	T			
10	11	90	165	11-'27				I	S			

ORIGINAL COPY

An actual F.C.I.B. Report showing current clearance, giving individual experiences of fifteen members of the Bureau.

If we allow a subject, whom we are investigating, to submit his own references, it is obvious that he is going to give us the names of only those persons who are, he believes, well disposed toward him. Of course, once in a while, he slips up and gives a name that he is sorry he gave. The next time, he corrects his error. The interchange report, however, contains the comment of friend and foe; and, as both give information on a confidential basis without knowing the source of the inquiry, the reports from both sides of the case are covered.

Special limited investigation must necessarily be tinged with the friend or foe viewpoint because the reason of the inquiry is known, whereas the anonymous nature of the interchange report is a safeguard built up by one of the greatest underlying human factors—no selfish return in sight for the answering interchange bureau subscriber to boost or knock the subject of the anonymous inquiry. If our answering subscriber has an especialy deep rooted friendship or enmity and is actuated thereby, on the interchange report he is only one line or one comment; and if he is in the minority, we, the readers of the report, draw our own conclusions, and the arrow he has shot falls harmlessly to earth. We have not been unduly prejudiced thereby.

It is clear, however, that the value of the interchange bureau report is decidedly limited by the number of experiences listed. This, in turn, is entirely dependent on the membership of a given industry in the Interchange Bureau to which we belong in our own particular industry or in kindred industries.

All of us are after something for as nearly nothing as we can buy it but are always willing to buy if we receive fair return; on the other hand all of us have also experienced the sensation of having bought too cheap merchandise at some time in our careers.

Let me say this from my own personal experience: I have found it more profitable by far—and very much more pleasant—to spend the time that otherwise would have been spent fussing because I could find no one to write to and ask any question about some firm under investigation, in meeting other credit managers, talking to them and interesting them in joining the Foreign Credit Interchange Bureau (of the National Association of Credit Men), of which I am a member and where we both could be of service to each other. This time spent in helping to increase the efficiency of an efficient bureau I would have otherwise spent in wondering whom to write to and then turning out and signing the same old form letter, often getting "no information" replies and having to keep at it all over again. Pleasant effort is certainly preferable to routine drudgery.

There is a thought herein, I believe, for all Credit Managers who have not as yet a trade group large enough to give them the information they need and is available in an interchange bureau report.

"It is Alright Hell"

COLLECTION letters are not always received in the spirit in which they are written. President Frank D. Rock of the National Association of Credit Men sends the CREDIT MONTHLY a letter which was addressed to Armour & Co., Manila, P. I., in which a native merchant writes:

"Yes I know that when the amount is overdue the credit is damaged. . . . Every time I used to pay you, though you will not call my attention sometimes. But when you will make me mad that is the time you will wait for me till I like to pay you. I sent you my order and you replied that you can't ship me till I will pay you the p33.65. It is alright Hell to Armour Company. I am not interested to sell your goods. There you must learn who I am. Receive this amount p101.96 P. O. Money Order No. 69113. That is the time for you so you will be damaged too."

Does the Farmer Deserve Credit?

By N. W. Kindgren

The Merchants National Bank, St. Paul

As a sound credit risk the farmer stands higher than any other class of people. Just how does the farmer differ from other customers of a bank? Let a Missouri banker answer this question: Says he: "The farmer is candid, straight-forward, always willing to listen to reason and to consider the bank's point of view as well as his own." And he goes on to say: "For instance, a customer had been indifferent in responding to notices about his obligations being due. Though absolutely honest, he couldn't see any harm in letting the date for payment or renewal of his note go by. He thought that as long as he was able to make the note good there was no need for the bank to worry. Of course, we had a different viewpoint. One day when he was in the bank, I called him into my office. 'Bill,' I said, 'if you agree to deliver a bunch of cattle to a man on a certain date and at a certain price, you'd expect him to keep his part of the agreement, wouldn't you?' 'Of course.' 'And if he didn't and told you he'd attend to the matter at some more convenient time, you'd. . . .' He grinned as he saw the point. 'Get the note here,' he said, 'and we'll fix it up right now.' "

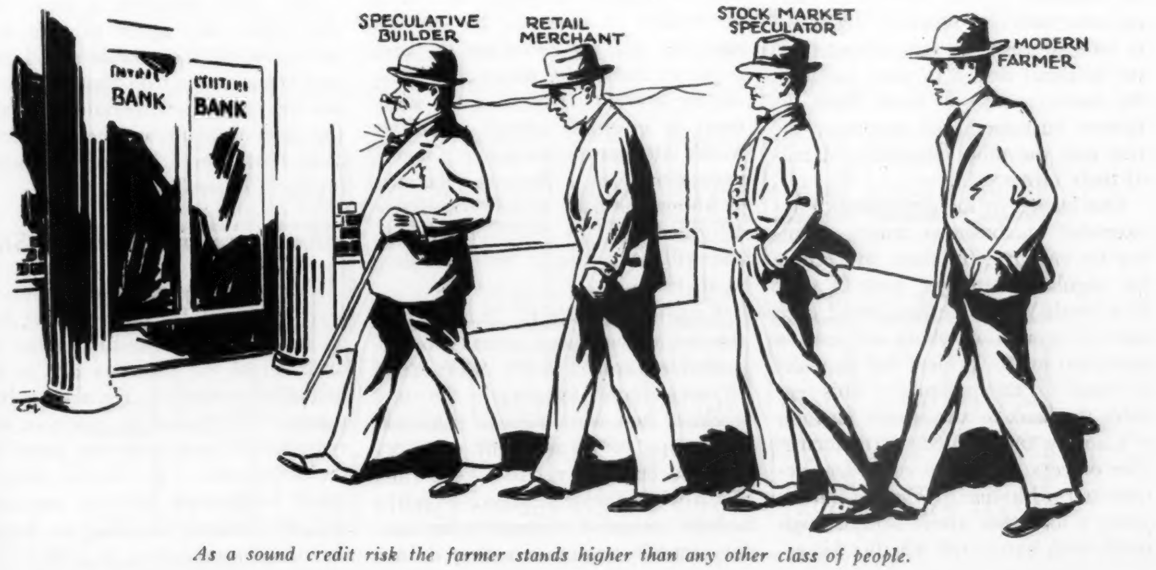
This banker has, I believe, explained how the farmer differs from other customers of the bank. Lacking not in honesty or in good intentions, he may at times exhibit a lack of understanding as to proper business methods. Perhaps his biggest fault is that he is too easy-going. But that he is a good prospect, meriting the best attention of the banker, is evidenced by the many activities promulgated by banks over the country to gain his favor.

The country banker, who rates his chances for success according to what he knows of agricultural conditions, is not averse to going out of his way in order to help the farmer customer.

A friend of mine, a banker in South Dakota, relates this typical incident: A farmer—let us call him Jim Bradley—came to this banker and asked for a loan of $500 on his note. The banker, as was natural, asked what he planned to do with the money. Jim replied that he had interest to pay on a mortgage and couldn't find the money with which to pay. Asked how he figured on paying back the $500, Jim replied, "I haven't figured that out yet. Maybe you can help me. You are better at figures than I am."

This was hardly encouraging; and had our friend been one of those bankers said to have a vocabulary of only two words, 'yes" and "no," the interview might possibly have been abruptly terminated. But a country banker is more voluble. They repaired to an inside office and Jim was asked to tell why he was unable to show a profit on his work The banker knew that Jim had a good farm, but saw that something was lacking in the farmer's financial dealings to enable him to stay on high ground instead of settling into the mire.

First the banker asked him what he had raised on the farm the past year. Jim took paper and pencil and figured it out and also told the yields of his various crops. About a third of his land had been in oats. Another third had raised wheat. The rest was pasture, hayland, barley, flax and corn. The banker asked him why he raised so much oats and wheat. The reply was that those were his money crops. He didn't have granary room; and these crops he could haul right in to the elevator and get the cash.



As a sound credit risk the farmer stands higher than any other class of people.

"Jim," said the banker, "your trouble is quite clear now. You may not know it, but you have been losing money on oats and wheat. No one in this county makes any money on oats and very few on wheat."

Money Crops Not Necessarily Money-Making Crops

Apparently the only thing Jim had figured about these crops was that they sold for cash the day they were threshed. The banker told him that he would never lift the mortgage off the place unless he changed his methods of farming. He was advised to raise more stock and was cautioned against the fallacy of confounding "money crops" with money-making crops. Jim Bradley followed the advice which the helpful banker gave him and now after some years he can borrow all the money the law allows the bank to lend because he is making money on his farm.

Investigation shows that the opportunities many banks have for serving the farmer are almost unlimited. The farm business of the country has been going ahead at a tremendous rate. Yet the credit of the farmer has, it seems, continued to be in some sections at least a more or less uncertain quantity. In many a community there has been what might almost be called an antipathy toward lending farmers money. Not only because the notes usually were issued to run for long terms, but because it seemed difficult to appraise the farmers' financial condition accurately.

For exactly the same reason that he requires from merchants and manufacturers a financial statement to indicate the risk, the earnings and the financial details of each business, the banker wants to know from his farmer customers the earnings, the risk and the other important details of their farms.

One banker of my acquaintance has extended his business among farmers by encouraging them to become his regular customers, even if only in a small way. He has urged each one to open a checking account, a move too many farmers fail to make as soon as they should This enables the bank to size up the customer's ability and methods of financing. The officers can more easily get acquainted with him. Then when he wants a loan they are in close enough touch with him to tell whether his request deserves favorable consideration. Getting acquainted in this way enables the banker to talk frankly with the farmer about his affairs. The two meet on common ground in their business transactions.

"My own experience as cashier of a country bank," writes a North Dakota banker, "is that a statement can readily be obtained, provided care is taken to impress upon the customer the importance of such a statement, and the advantage there is to him personally in giving it. It is *no trouble to convince the average man that it is far better for the bank to get its knowledge direct than from outside sources.* And once the statement is given, it almost invariably works out that the borrower is bound more closely as a customer, because he knows the bank is now completely informed as to his condition and can, and will, take care of him according to his needs."

Knowing the facts, bankers are able to lend without security to responsible farmers $200, $400, $600 or even more temporarily to buy stock, or new equipment to help harvest crops, or to meet any other legitimate business needs. As a rule, worth-while farmers are conservative and do not ask for a cent more than they actually require, for they do not want to meet unnecessary interest payments.

Although the farmer has been classed as extravagant, and in some cases he has been, he is in the majority of cases, a frugal person. Sometimes he has to be. There are seasons of depression, when prices are down, the weather bad and things do not work out as planned. Then he will go to see his banker and give him the situation fairly and squarely. One can't help but have confidence in people who do that, and in virtually every case where they have been helped to tide them over the lean years, they have promptly met their obligations with the coming of better times.

Many bankers have expressed the opinion that a town surrounded by farmers is better off than a town that stakes its prosperity upon factories. Says a Minnesota banker: "Mind you, I am not averse to factories. Not at all. They are good industries and a big pay-roll is a fine thing to liven up local trade. But I often feel that we place too much importance on the location of a factory in our town and not enough on the encouragement of the farmer who has been with us all the time, and who has done such a big part in making the town what it is. Personally, *I'd rather take part in a move to create a good local market for everything the farmer raises than to subsidize a factory.* Wherever this has been done, the town grows and prospers, because the farmer is quick to appreciate what is done to make life better for him."

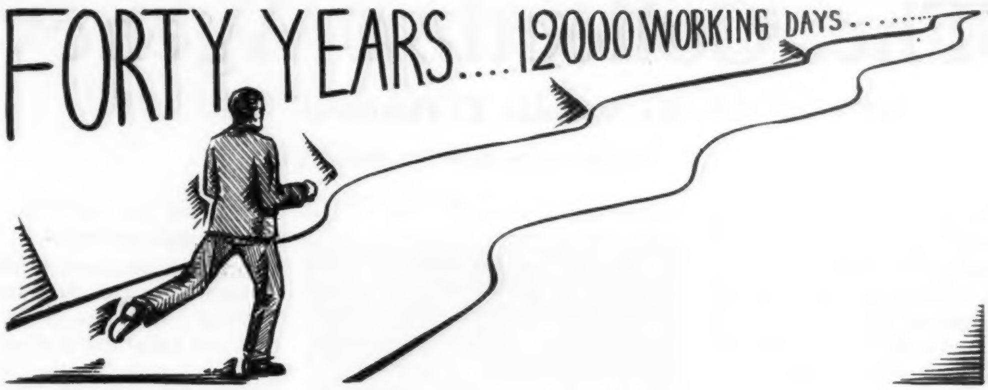
We could establish a good canning plant and agree to take at a fair price all the tomatoes and corn and beans and so on that the farmers can raise; and certain it is that the canning plant will never have to close down for a lack of production on the farmers' part.

The Farmer There to Stay

The farmer is in the community to stay. He has his family to care for; all his money is invested in his enterprise; al his interests are in the immediate vicinity. He asks only a square deal on what he produces, and sympathetic interest by the people of the home town. We believe there is some justification in the statement that the banker is willing to lend a

(Continued on page 27)

FORTY YEARS.... 12000 WORKING DAYS........



By *Stephen I. Miller*

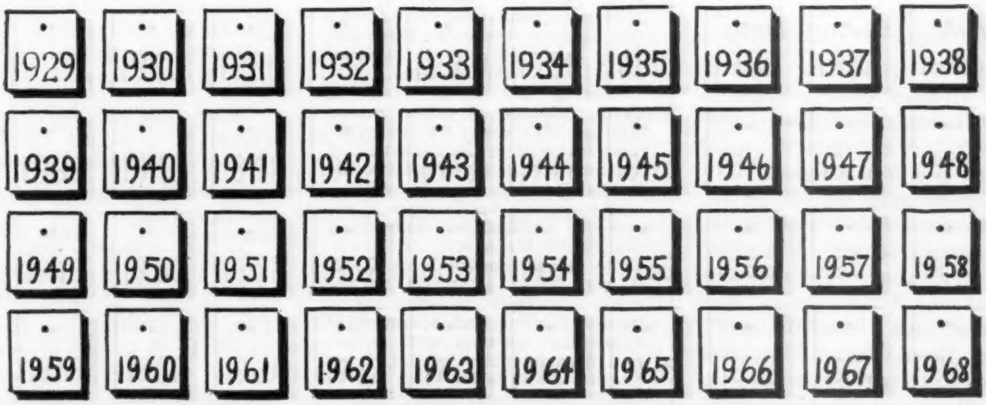
Executive Manager, National Association of Credit Men

LIFE is not a sprint, but a long run. Let us assume that a young man begins his business experience at the age of twenty, and retires at the age of sixty. A little arithmetic indicates that such a man has a business span of forty years, or twelve thousand working days. Forty years! Time enough to travel around the earth two hundred times, to plant and grow a forest, and to build a cathedral so high that its spires could not be seen by the naked eye. Is it time enough to build a man?

Every ambitious man is engaged in building a human edifice. Some attempt to erect a skyscraper with insufficient foundations. Others devote so much time to the substructure that they end their lives in a basement. Still others select a large lot and proceed to build a monstrosity that is all height and has but little breadth.

Each day creates an opportunity to gather the facts and principles and character that have a place in the life structure. Modern buildings are noted for their beauty, endurance, and practicability. Education aims to build men and women of such a caliber as will make them worthy of the buildings they occupy.

But an education is not a sprint, and building a life requires more vision than building a shack.



The Collection Agency

By Norman E. Panhorst

Member of the New York Bar

ONE of the problems with which virtually every credit manager is faced is the collection of difficult accounts through collection agencies and attorneys. It seems to be an almost universal experience that the service rendered by both agencies and attorneys is unsatisfactory.

This article is an attempt to analyze for the benefit of the Credit Manager the reason for this wide-spread dissatisfaction, and to offer constructive suggestions for the improvement of this type of service.

There are three reasons why collection service is generally unsatisfactory. They are:

1. Lack of co-operation on the part of the credit man.
2. An unsound system of compensation to the collecting medium.
3. Antiquated legal machinery for the securing and satisfaction of judgment.

The first two of these will be discussed here. The third is a topic that can be treated only at length.

As to the first, the average credit manager does not seem to have much knowledge of the legal steps incidental to securing and satisfying judgment. Most credit managers are familiar with the general provisions of law as to the rights of the creditor. This is the type of information usually given in commercial law courses. But the method of enforcing these rights is seldom understood, and unless it is, credit managers cannot properly co-operate with the collecting medium.

What the Attorney Does

In order to give some idea of what the attorney does in order to enforce collection, the following outline is given. It embraces the usual steps taken in a typical action.

First, the summons must be served. To do this the debtor's whereabouts must be known as well as his full complete legal name. The summons must read not "J. B. Jones", but "John Jones"; not "Jones Brothers", but "John Jones, Harry Jones, and Ralph Smith, co-partners trading as Jones Brothers"; and in the case of a corporation, not "The Smith Manufacturing Company", but "The Smith Manufacturing Company, Inc." If the debtor's whereabouts is unknown, substituted service can be obtained, but this method involves considerable additional work, and is generally unsatisfactory.

As to the debtor's correct legal name, if it is not known, the information can sometimes be obtained from the County Clerk's office—a time consuming procedure; or the debtor can be sued under a fictitious first name. In this last instance the judgment is practically worthless, because the sheriff will not be inclined to levy, and the judgment will not become a lien on the real property of the debtor located in the county in which the judgment is docketed as would otherwise be the case. Also, where the debtor is a partnership the judgment can be levied on the individual property of only those partners who have been served, so that if it were not known in the above example that Ralph Smith was a partner, he undoubtedly would not be served and his individual property would escape execution.

Applying the above to the relation of credit manager to attorney, it is obvious that if the credit manager does not know the whereabouts and the exact name of the debtor, expense and delay are incurred in ascertaining this information. Every credit manager before passing on a credit application should secure information as to the applicant's identity, his address, his antecedents, other persons with whom he deals, his bank, etc., and should forward that information to the collecting medium at the time he submits the claim for collection. These are sources through which it is most likely an absentee debtor can be located.

Costly Inaccuracy

If there is any department of a business where carefulness is a requisite, it is the Credit Department. There should be no reasonable excuse for a credit manager's failure to secure the exact, correct, and complete name of the applicant at the time credit is extended. On almost every ledger can be found instances where the customer's name is not only legally incomplete, but actually incorrect. In the latter case if an action were to be started the judgment might be of absolutely no value, or the attorney might be put to the necessity of making a motion to correct the debtor's name. Here again additional expense and delay are incurred. The credit manager, failing to understand the reason for the delay, is prone to place the blame on the attorney, when in fact the fault is his own.

After judgment has been obtained execution is issued to the sheriff. The sheriff is directed to satisfy the judgment by levying on the property of the debtor.

If the attorney does not know where to direct the sheriff to look for the debtor's property, the execution will probably be returned unsatisfied. It is then necessary to examine the debtor under oath in supplementary proceedings as to the

(Continued on page 28)

A Credit Monthly Article

"NINE years ago, as a beginning in the field of credits," writes Mr. Panhorst, "I chanced upon an article in the Credit Monthly in which there sounded a specific warning against the placing of claims in the hands of agencies whose reputations were not well established. During the seven years that followed, 1919 to 1926, not a penny was lost through this cause by the A. C. Horn Co., Long Island City, N. Y., which I served as Credit Manager.

"During my seven years as Credit Manager I have become familiar with many of the problems involved in the collection of accounts and, at the request of the Credit Monthly, I have endeavored to explain herein some of the principal difficulties confronting the Credit Manager.

"In my opinion the N. A. C. M. is performing a service to the credit fraternity in encouraging the establishing and operation of adjustment bureaus with collection departments. In fact, I am convinced this is the ideal way to handle out-of-town collections."

Cost of Carrying an Account

The How and Why of Cost Calculation

By Stanley Spurrier, C. P. A.

Crane, Bowman & Spurrier, Wichita

This analysis of maturity, volume and turnover as they affect the cost of carrying accounts was made by Mr. Spurrier at the Kansas-Oklahoma Credit Conference, Wichita.

FOR this discussion of the cost of carrying an account I have selected those phases which seem to me most important and which do not necessitate the use, to any great extent, of figures.

In order to study the cost of carrying an account we must separate the accounts into two general classes: the discounters, and the non-discounters. It is only in connection with the latter class of account that there can be in any true sense a *carrying* cost. The discounters can be left entirely out of our discussion because, in considering the cost of carrying an account, it is not necessary to go into the cost of *handling* the account to the point where the invoice is charged to the customer. The cost of the operations necessary in the Order and Bookkeeping Departments to that point, has nothing to do with the cost of carrying the account.

Carrying an account is a service to the customer, and for that service there must be compensation. What that compensation should be can be intelligently determined only when based on the cost of that service. Since the cost of carrying an account is very vitally affected by the determination of the maturity of the account, it is necessary first to definitely establish the due date, or maturity. Let us assume for example terms of 2 per cent. 10 days, net 30 days. The usual explanation of this is that the account is due in 30 days, but that a discount of 2 per cent. is allowed if payment is made 20 days prior to the date due. To determine whether or not this is the correct interpretation of these terms, it is necessary for us to consider briefly, but somewhat technically, the whole theory of cash discount.

There has always been a difference of opinion as to the real nature of cash discount, what it accomplishes or is intended to accomplish. The theory of cash discount which has probably always had the largest following, is that it is *an inducement offered the customer to secure payment of his account before it is due.* This is in accordance with the explanation just made of the above terms. Keeping this theory in mind, and using the terms set out above, let us assume that the customer purchases merchandise to the amount of $100, and that he is so invoiced. If the customer pays the bill within 10 days, he remits only $98. He has thus been allowed $2 for the use of his $98 for 20 days. If this be true, then it is certainly a very exhorbitant interest. This theory is also fostered by the fact that in most income and expense statements the item of cash discounts on sales is shown in the same division of the statement as interest paid. This then amounts to over 36 per cent. per annum. Certainly there is very little to recommend such a plan.

The second and only other theory which has gained any considerable prominence, is that the cash discount taken by customers is in reality a deduction from the sales price of the merchandise, and these discounts eventually find their way back as a charge against sales. That is, the customer is invoiced for $100 worth of merchandise, and sales account is credited for that amount. The customer pays the invoice within 10 days, and deducts a $2 discount. This is charged to Discount Account, but at the end of the fiscal period the total of the Discount Account is charged against sales in order to arrive at the net sales.

This theory seems also to have little to recommend it. In the first place, the amount of the sale is affected by the time of payment. If paid within 10 days the sale is actually $98; and if paid after 10 days is $100. Second, the difference of 2 per cent. or even 1 per cent., in the price of merchandise *merely* on account of a maximum of 20 days difference in time of payment is, I submit, entirely out of line.

The third theory, and to my mind the correct one, is that cash discount furnishes, in an unobjectionable way, the basis whereby the seller is compensated for carrying accounts receivable, including losses on bad debts. In other words, it is not in reality a discount at all but a penalty. The application of this theory, considering our terms of 2 per cent. 10 days, net 30 days, amounts to the following: When the customer is invoiced $100, the sale is actually $98, and the account is due within 10 days. If the account is not paid within 10 days, a penalty of $2 is added. This penalty, not only takes care of the 20 days interest on the money which the customer owes, but also helps to cover other carrying

costs, including a reserve for bad debts. If payment is made within 10 days, it is considered the same as a cash sale. Losses do not occur on the accounts of customers who discount their bills, but occur only among that class of customers which do not pay until after the due date. Therefore, those customers who wait until after the due date to pay their bills must for this purpose be put in one general class.

It is not possible to set out here all the details on which I have based my conclusion relative to the actual due date of an account, and I am fully aware that many credit managers may not agree on this point. However, whatever further conclusions I shall draw will be predicated on this theory.

Costs After Due Date

With the due date or maturity of the account established, we are now ready to proceed. I believe that we are justified in assuming that all costs in connection with the account after its due date are costs of carrying the account. But granting this assumption our problem is by no means solved. There are certain expenses, such as interest on the account, costs in connection with sending out statements, etc., which I think we will probably all agree are carrying expenses. In fact, we might agree that all collection expenses should be considered as a part of the cost of carrying accounts and apportioned on some equitable basis to all accounts which run beyond due date.

There are other items, however, the disposal of which is not so simple. The salary of the Credit Manager and his assistants, and various other expenses in connection with his office must be considered. Should these total expenses be allocated to the cost of carrying the accounts, or should we allocate only that portion which bears the same ratio to the total as the portion of the time the Credit Manager and his assistants devote to the past due accounts and their collection?

The Credit Department is charged with the responsibility of determining the basis on which merchandise will be sold to customers—whether the customer must send cash with his order, whether the merchandise will be shipped to him C. O. D., whether shipments will be made on open account on the regular terms, or whether some special terms can be granted under the circumstances in the instant case. To determine these matters intelligently to the best interest of his firm and its customers, the credit executive and his assistants must keep in close touch with the customer's financial condition through the mercantile agencies and special reports. In addition to this, the trend of the customer's business must be followed as closely as the circumstances permit. With all this information at hand, together with a constant knowledge of the condition of the customer's account, the passing on the orders of regular customers is largely a matter of routine. This function of the Credit Department is a most vital one, and has to do with every customer of the house. The fact that the customer has an established record of paying his bills on or before their due date and is therefore entitled to take his so-called cash discount does not relieve the Credit Department of any of the responsibilities set out above.

Obviously this function of the Credit Department is all performed before the charges are made on the books, so it would seem difficult under any principle of cost finding to find an adequate justification for including as a part of the cost of carrying accounts the portion of the cost of the Credit Department allocatable to the above function.

Other functions of the Credit Department, such as passing on merchandise returns and allowances, handling complaints, etc., would seem also to have little or nothing to do with the cost of carrying accounts because there are many instances where customers who cause the Credit Department the most grief in connection with returns, allowances and complaints, are discounters.

Chief Purpose of Determining Carrying Costs

In the event the customer fails to pay his account when due, the Credit Department must use its best ingenuity to collect the account at the earliest possible date, keeping in mind the best interests of his house with regard to the retention of the good will and future business of the customer. This function of the Credit Department obviously would be chargeable as cost of carrying accounts.

It is of course important to know the cost in the aggregate of carrying accounts, and to hold that cost to the lowest possible figure consistent with their proper handling. But, after all, the chief value to be derived from any set of cost figures is the basis which it furnishes for the determination of the charge to be made for the product or the service. If the product or the service cannot be sold at a profit, then under all ordinary circumstances that line of product or service would be discontinued. In the case of accounts, this does not mean that the firm must change from a credit to a cash basis, but that it will discontinue insofar as is possible, all accounts which are not profitable accounts.

The credit executive *must analyze his costs thoroughly in order to determine the point at which an account becomes unprofitable.* The volume of the account is an important factor in determining this point. Certain items such as interest, possibility of loss from bad debts, collection fees, etc., bear a direct ratio to the size or volume of the account. Other items such as mailing statements, writing collection letters, etc., bear only slight relation to the size of the account. The allocation of these latter items to the various accounts is largely a matter of judgment and no general rule can be formulated which will cover all the conditions.

The second item which enters into the allocation of the carrying expense to the various accounts is length of time the accounts run or the turnover. The allocation of most carrying costs bears a close relation to turnover. Interest is in direct ratio, while the possibility of loss from bad debts, collection letters, collection fees, etc., apply in a somewhat increasing ratio as the accounts become older. The allocation of carrying costs with relation to turnover is also largely a matter of judgment and must be determined on the basis of the best information available to each individual credit executive.

Briefly, then, the cost of carrying an account is made up of the expenses in connection with the accounts accruing after maturity,—including interest, mailing statements, collection letters, telephone calls and telegrams, personal calls, adjustments and losses from bad debts,—equitably allocated on the basis of volume of account, turnover and such other factors as in each case seem to be of sufficient im-

(*Continued on page 29*)

"Well, Henry", said the runaway wife, "what do you intend to do?"

The Crook I Didn't Arrest

A Fact Story by Maurice Crain

"YEP, it's a hard bunch of babies we deal with."

The Old Investigator knocked the ashes off his cigar and slid lower in his chair.

"In the old days, in the west, there used to be an occasional bad man who was a sporting gentleman, but that type isn't often met with now. It stands to reason that if you're a thief, you're also a rat. Since nearly all crime is directed toward stealing of one kind or another, it's natural that nearly all crooks should be low double-crossers. That bein' the case, you can understand why I've met with mighty few crooks in the last thirty years that I've had any sympathy for."

This, I thought, is going to be the familiar one about The Meanest Crook I Ever Knew, but the Old Investigator fooled me. It proved to be a brand new yarn about The Poor Sap I Didn't Have the Heart to Pinch. Here it is, very much as the Old Investigator of the National Association of Credit Men told it to me:

This Fuller—Henry Fuller, his name was—was just an ordinary, mild mannered little chap who ran a medium-sized dry goods business in an ordinary small town. Somehow, the way those unaccountable things sometimes happen, he married the town beauty, a green-eyed ash blonde who'd won a beauty contest. You can imagine the sort of couple they made: this Henry—a hard working, insignificant, worried little chap with glasses, and this wife of his—tall, almost too good looking, with the sort of personality that would fit into a Lido pyjama party a lot better than into a church social.

How Fuller happened to marry the beauty I don't know, but according to Regan's account of it, they seemed to get along well enough at first. She took a lively interest in the store, and caught on to the business in a hurry. You see, Regan handled the case at the start. I was working out on the Coast then, and I only came into the picture after they all got out to California.

She'd never been used to a lot of money, and by her standards the proprietor of the leading dry goods store probably looked like a good catch. After she married him, and got used to getting all the clothes she wanted at cost prices, she saw that the store was a slow proposition, and that they'd probably spend years nursing the business along before they could break loose and see a bit of the world, as she wanted to do.

Then a period of business depression came along in their town, and it began to look as if Fuller might go to the wall. It's likely that she began planning her fraud scheme then, though it was several months later that we found out about it. Regan thinks she carried on a long nagging campaign to persuade Fuller to turn crooked, and I am sure that must have been true. Along with his business worries, Fuller had to contend

with the arguments of his wife, who threatened to leave him if he didn't do what she wanted.

The upshot of it was that little Fuller did turn crooked, and agreed to carry out his wife's scheme. She presented the proposition something like this:

"We'll get out of here, and start ourselves up in a new business on the Coast, clear of debt. First, we'll sell our home, on the pretext that we're going to build a new one, and we'll borrow all the money we can on the store building. That will give us some ready cash, which we'll need to get ourselves established in California. Then you start a buying campaign. Use your credit to buy all the high priced goods you can before the creditors get to bothering you about collections. You ought to get a good many thousand dollars' worth before you reach the end of your rope.

"Meanwhile, rent storage space in some out-of-the-way building in Greenville. You can pick up the goods at the freight office here as the stuff comes in, and haul it over to Greenville at night in the car. You can even get a lot of goods out of the store in small quantities, and take them over to Greenville the same way. Nobody is going to get suspicious about a few bundles and suitcases in the back seat of a car. When you have everything collected at Greenville, just ship it to California, consigned to Bertram Blyn. That's a nice name, isn't it?

"By that time, I will have a new store picked out for us in California. I will open an account in a bank out there as Mrs. Bertram Blyn, and make all the arrangements necessary for us to start in business. Then I'll let you know where to meet me, and we'll start a new life in the west as Mr. and Mrs. Bertram Blyn."

Fuller wasn't enthusiastic about the idea, but he didn't have the backbone to hold out against his wife's insistence. She had ambition and decisiveness and ability to plan, whereas he had only the habit of honesty. I guess it went against the grain all right, but Fuller felt that he had to show a little spirit, or lose his wife.

They carried out the scheme just as she had planned, and a month before they were ready to ship the goods, Mrs. Fuller pulled out for California. She took along all the money they had been able to raise. They told the neighbors that she was going to visit her aunt in Chicago.

Fuller kept buying goods, and slipping them over to Greenville. He watched his business closely, and got away with it for a long time before any suspicions were aroused. Finally, he had a letter from his wife, telling him to ship the goods as planned, but to consign them to the name of B. J. Glyn, instead of Blyn, so that the shipment would be hard to trace after the goods were received. She also advised him to stay with the store to allay suspicion until the goods had time to get to the coast by freight. If he skipped out too soon, she was afraid that somebody would start an investigation and trace the shipment before the goods could be claimed.

Fuller did as she directed him, and then stayed on the job in the store, which was almost empty by that time, waiting for her to wire him to come ahead. She never did wire, and Fuller eventually had the sense to clear out.

He was just in time, for Regan got to town a few hours after he left. The credit manager of one of the manufacturers had decided that all was not well, and had notified the Credit Protection Department of the N. A. C. M. Regan saw at once that the place had been looted, and lost no time in getting after his man.

He traced Fuller through several towns, and found a ticket agent who remembered selling him a ticket to California. Regan even found out the train Fuller was on, and the Pullman berth he occupied. Then he wired me a description of Fuller, telling me to grab him as he got off the train, and that his wife would probably meet him when he arrived.

I was waiting for Fuller when the train pulled in, and recognized him at once—an inoffensive little chap in a gray suit, who was obviously expecting someone to meet him. I waited for the wife to show up, and when she didn't, sprang the little surprise on Fuller. His face turned gray and he seemed to wilt all over when he saw I had the goods on him.

By the time I had talked to Fuller an hour, he had outlined the whole story to me, but took all the blame himself. He wasn't much good at lying, but I didn't let him know I suspected his wife. Then we went around to the freight office to see if the goods had arrived. Fuller was more surprised than I was when we learned that the goods had not only come, but had already been turned over to the consignee, Mr. B. J. Glyn.

Fuller stood around in a kind of daze while I got a description of this Mr. B. J. Glyn. He was a good looking chap, it seemed, about thirty, tall, athletic, wore a moustache, and when he called to claim the merchandise was wearing a brown suit and a brown snap-brim hat. He had taken the last of the goods out two days before.

Equipped with a good description of this bogus Mr. Glyn, we went calling on members of the trucking profession to see if any of the truckmen remembered handling the goods for him. Fuller trailed along with me, worried half to death, and completely baffled by the turn of events. He wasn't formally under arrest, but I wanted him along because I didn't have a good description of the wife.

Luck was with me, for at the third trucking concern we called on, I got hold of a driver who had hauled the stolen goods. The store where they were delivered proved to be an address in a wealthy suburb. It was getting late by that time, but I intended to finish the job that day. Fuller didn't say a word on the way out there, but I could tell that he was thinking plenty.

We found the store, all right, but it was closed for the day. An old duffer who ran a newstand on the corner told us that the owner lived about three blocks up the hill. The name he mentioned wasn't Glyn, but I expected an assumed name. The newsdealer showed us the house.

Fuller hadn't a word to say, and I didn't feel any too full of conversation as we climbed the hill in the gathering dusk. Fuller's jaw was closed tight, and I could see that his face was pale. The house was one of those neat little California bungalows, with flowers lining the front walk and massed against the verandah—just the sort of house, probably, that Fuller and his wife had dreamed of having when they planned their move to the coast. Light was streaming across the lawn from the side windows.

I took a look around and made sure that no one was likely to escape from the house, the way it was situated, without being seen. Then we stepped quietly onto the porch. The

(*Continued on page 27*)

Trust Service and Credits

Credit Manager Has Valuable Ally in Trust Officer

By A. B. Culbertson

First National Bank, Fort Worth

THE simplest form of trust service is where a trustee is named in a deed of trust. Yet this form of trust performs a very important function. Hardly a loan is placed on real property without a deed of trust. It is a basic need in credits extended on this kind of collateral.

Bond Trustee

A bond salesman calls upon you today to sell you bonds of the Southern Pacific Railway. He tells you about its being a closed first mortgage on all of the fixed property of the company. Or he may tell you it is a collateral gold bond secured by the rolling stock of the company. In any event, there is a trustee back of the issue who is holding the property in trust for the purchasers of the bonds and who will see that only a certain amount of bonds is issued. The trustee will authenticate the bonds as issued, register them for the purchaser if desired, collect the interest and sinking funds and make distribution to the bond holders. The trustee thus occupies a very vital relation to every bond holder. It is the pivot around which the great credit structure of the company swings, whether of bonds or stocks.

Stock Registrar

Every company whose stock is listed on any of the important stock exchanges, as indeed practically every company whose stock is offered for sale to the public, appoints a registrar whose duty it is to keep a record of all the stockholders. There must also be a transfer agent whose duty it is to keep a record of all transfers and issue additional stock from time to time. This function comes under the classification of trust service and is at the bottom of every transfer of stock on any stock exchange. Therefore, when you extend credit upon the security of stock or bonds you will remember that trust service is part and parcel of your transactions. Every day brokers' loans in New York amount to many millions of dollars, all of which was used in the purchase and sale of stocks and bonds, purchased and sold by individuals and organizations over all of the United States and abroad. And back of it all was the service of banks or trust companies as trustees.

Trustee of Collaterals

A large oil company desires to store its oil in West Texas or to buy and store oil. In order to obtain credit it issues its acceptances against a New York bank, secured by the oil in storage. In order further to safeguard itself and the purchasers of the acceptances, the bank appoints a Fort Worth bank as trustee to guage the oil and hold it, and make periodical reports.

Country banks all over the Nation buy these acceptances upon the faith of the big Eastern banks that accepted them. These country banks are the trustees of funds deposited with them, as every bank is the trustee of its depositors, morally if not legally, and responsible for their deposits. The default of these acceptances might jeopardize the savings of many people. Thus the trustee occupies a vital relation to the whole people, providing an underlying basis of credit that otherwise would not be extended.

Trustee in Real Estate

When two men agree upon the sale of real estate they immediately want a deposit made to bind the bargain. They want an impartial trustee of financial responsibility to hold the funds and see that the terms of the trade are complied with before the funds are paid over. This form of service is known as escrow. Neither is willing, without the intervention of a trustee, to go into that kind of credit transaction.

A vastly more important function is performed, however, in the sale of real estate in subdivision projects. A group of men desire to subdivide and sell certain real estate. They need financing in the development of the addition. Houses must be built and civic improvements provided. Often lots are sold before these improvements are made, but the contract provides for them. In order to be certain that the improvements will be made, the purchaser deposits his payments with the trustee who agrees to see that the improvements are made before the funds are turned over to the seller and agrees to provide the necessary improvements out of funds thus deposited.

Frequently the entire addition is deeded to the trustee who agrees to make the improvements, sell the lots, issue the deeds and notes, and finance the buildings in the addition. In most well planned additions you will find this kind of trust service.

Trustee of Property for Individuals

A lady called recently to see us in regard to having us handle her affairs for her. She said she was so tired of trying to look after everything when she knew so little about business. We prepared a "living trust" by which she deeded everything to us, directed us to handle all manner of business problems that might arise, and pay the income to her. When we had finished and she unloaded her burdens on the bank, she said, "Now I can lie down and rest and just forget about all these worries, can't I?"

A well organized trust organization acting in that capacity may stabilize the business affairs of an individual who has always failed to make his properties pay as they should.

Trustee of Corporate Agreement

Not long ago the head of a large corporation in Fort Worth said to me that he and two partners owned the majority of the stock and that they had always managed to use most of the profits in salaries and in accumulating a reserve. One partner had suggested a stock dividend but he had said, "No, that would mean we might have to pay a penalty to get the stock in."

"My dear sir," I said, "did you ever realize that if you died your partners might feel the same way about the stock of your wife? Who else would want the stock without any control? And why would your partners want to pay your wife all it would be worth when they could use it all up in salaries?"

He said he had never thought of that and wanted my suggestions. I told him to enter into an agreement with his partners whereby the survivors would purchase the interest of the deceased at a price to be fixed by a method provided in the agreement. Then, if necessary, purchase sufficient life insurance to purchase the interest of the deceased, make it payable to the trustee, deliver all stock to the trustee and retain voting certificates. Then when a partner died there would be no interruption. Moreover, his creditors would look with favor upon a plan that would relieve the business of any interruption in its management.

Partnership Agreement Trustee

In Texas, each partner is liable for all of the debts contracted by the firm. When either partner dies the partnership immediately ceases. The surviving partner becomes a trustee with the duty of paying off the obligations and closing the business. He may either buy the business, if he has the money, or he may sell it, under proper authority, to the heirs of the deceased, if they have the cash; he may sell it as a going concern, or he may close out the business and sell the assets.

The survivor usually does not have the cash to buy out the interest of the deceased nor do the heirs have sufficient cash to buy out the survivor. Even if they did have cash it is rarely advisable for the widow to try to operate the business.

The surviving partner cannot make any new obligations that will bind the partnership assets. His creditors have ceased to furnish him goods, if they are alert, and are now looking about for means of collecting their accounts. They cannot press collection as against the deceased because a year is allowed for administration. The widow can claim her homestead and all of the allowances provided by law which usually exhaust most of the assets of the deceased aside from the partnership assets and sometimes all of his interest in them.

The surviving partner, on the other hand, has the exclusive control, management and disposition of the partnership assets. The executor of the deceased cannot have anything to do with them. The survivor can tell him to wait until he closes the business and he will then make a distribution. Even if the survivor is willing to have the executor have part in closing the business, he cannot do so except at his own peril.

What is the solution? Let the partners enter into an agreement that upon the death of either the other will purchase his interest in the business at a price to be fixed by a method agreed upon in the contract. Nothing will be left to chance. Each will then insure his life for an amount sufficient to buy his interest in the business, make all policies payable to the trustee and have the trustee take care of the transfer. Immediately upon the death of either partner, the survivor goes ahead with the business without interruption, the widow of the survivor gets much needed cash, and the creditors do not have to wait for their accounts to be settled.

Trustee in Closing and Administering Estates

When a man dies, his creditors have a year in which to file their claims against his estate. Meantime there is the usual floundering around on the part of the heirs, no one knowing what to do, the assets many times in confusion, projects in the process of completion, plans unfinished. The lawyer is taxed to capacity to piece together the broken threads of his business. The best lawyer in the land does not have the facilities for reaching out into all the various ramifications of present day business problems. He may be well versed in the legal technicalities that arise, but these are only the beginnings of administering the average estate.

Often the deceased makes no will. The court must appoint some one to administer the estate. There are court costs and attorneys' fees and administrators' fees, while the creditors sit back and wonder when and if they are going to get anything.

The time is rapidly approaching when those who are responsible for establishing the credit policies of the

(Continued on page 37)

GIGANTIC LOSSES, says this banker, are caused by negligence on the part of both the debtor in not making proper arrangements for administering his estate and the creditor in not demanding that such arrangements be made.

Where Do We Go From Here?

Opportunities for Self Preparation in Credit Job

By Raymond E. Bell

Raymond E. Bell, Inc., New York

WE call those guiding impulses which unloosen our energies for the task in hand, "incentives". Incentives may be immediate, short lived objectives, such as that of getting the work done quickly in order to attend a baseball game, or to play a game of golf, or they may be deep and enduring as in the case of a desire to provide proper social, educational and living conditions for one's family.

The value of any position in business, to its occupant, may be rated by the opportunity it affords for administering to the satisfaction of sound incentives.

Ignoring that medley of indefinite impulses which sometimes obtain insecure lodging place in any mind, I list below those inspiring elements which, I believe, create permanent enthusiasm and bring about the intelligent utilization of executive capacity. Analysis discloses six groups of motives as making up the incentives of an executive, and *these may be used to assess the value of the credit job.*

EXECUTIVE INCENTIVES

(1) The sound thinking executive hopes for an opportunity to gain experience and training that will form a personal capital which may be invested productively in as large a number of places as possible.

(2) He expects to command continuously increasing earning power based upon merit that assures him of a living standard in a reasonably ascending scale.

(3) He wants to enjoy a dignity of position that will satisfy his desire for leadership.

(4) He likes to feel the enthusiasm which comes from the growth of the institution with which he is associated and the assurance that, as it grows, his own improvement is likely to be proportional to it.

(5) He wishes to absorb himself in his work with the confidence that advancement to larger responsibilities shall follow promptly upon merit, not mere length of service.

(6) He desires that sense of security which is derived from the elimination of partiality and "playing politics" to get ahead and the reliance of sound facts and figures for the judgment of accomplishment.

The last three groups relate particularly to the policies of the organization; the first three more to the individual. Is there an opportunity to gain desirable experience and training in the credit job which would be usable in many places? Does it offer prospects of increased earning power? Is it likely to be a blind alley? Let us answer these questions by making a quick inventory of the duties full of opportunity of the Credit Manager,—without attempting to arrange them in order of importance.

Duties Full of Opportunity

1.—Prominent among the Credit Manager's duties is that of grasping quickly the significance of financial statements. Information about customers is often one of the cross word puzzles of business. Relations must be established among fragments of data, meagre facts made to aid in penetrating the obscurity of business situations. Confronted with this problem, the credit manager has an excellent opportunity to develop what might be called a financial imagination.

2.—He is peculiarly well situated to visualize those significant facts that may be translated into policies and their results. If the policies of an organization are unsound, no managerial talent can save it from disaster.

3.—Then there is the need of keen insight into clerical detail. In this series of articles on credit from an engineer's standpoint, there have been many occasions to point out the close association which the Credit Manager must have with the vital procedures for handling the details of order filling. The order routine and the invoice routine together form the circulatory system of the industrial body and the Credit Department might be considered the heart control of this system.

4.—The Credit Manager possesses a knowledge of office mechanics, so that he may contribute his part in applying machines to the speeding up of this system and insuring its accuracy.

5.—The Credit Manager's duties provide an excellent opportunity to study customer reactions. In the ebb and flow of interests, in the process of extending credit and collecting the account, there are valuable experiences which, fully developed, should be stepping stones toward executive greatness.

6.—The Credit Manager's direct concern with customers' accounts, opens quite naturally a way to general accounting as his capacity is disclosed. Acquaintance with accounting problems can be advantageously acquired from the starting point of credits.

7.—Finally, there is the opportunity for the observation of the relationships among the main functions of business. As management grows, it is divided into a few important parts. Out of these subdivisions there arises a continuously increasing demand for men who possess not only executive skill in the performance of the specific duties assigned to their part, but who have also the broad vision which permits of close coordination among these parts for the good of the whole. The opportunity of the Credit Manager to enter into these larger responsibilities is of no ordinary proportions.

There appears little to suppress the expansive opportunities or to dull the incentives of the Credit Manager. His chances for advancement far into the field of administration, as a real factor in the balancing of sales with production on the one hand and manufacturing with financing on the other, offer an extremely alluring prospect for the future to the faithful, enterprising and energetic Credit Manager alert to the possibilities of his job.

Bad Debt Losses .00585

Among Leading Paint and Varnish Manufacturers

By Frank A. Fall, Litt. D.

Director of Education and Research, National Association of Credit Men

THE campaign of the National Association of Credit Men for a more general reporting of bad debt loss percentages is steadily gaining ground. Commenting on it editorially in its issue of October 2, the New York Journal of Commerce said:

"Business statistics in recent years have made substantial progress. Most recent among this class of information are statistics of bad debt losses experienced by business enterprises. Committee Four (on credit subjects) of the National Wholesale Conference has emphasized the advantages of a free and full interchange of such data among business concerns—as free as is now the interchange of ledger facts as to how customers pay their bills.

Of Direct Practical Value

"In line with this suggestion, the National Association of Credit Men has compiled average bad debt losses, by years, for groups of leading concerns in a number of industries. These figures are valuable to the general student of credit conditions. They afford a means of appraisal of credit risks existing in different industries, as well as of changes in credit conditions over a period of time. More than that, they are of direct practical value to business men in conducting their operations. The management can judge the efficiency of the credit department. And it can do this, too, by comparing its own experience with that of a composite group of leading enterprises in its industry. Moreover, it can compare the situation of its industry with that of other more or less related lines and adopt its policy accordingly."

Publicity of this kind has done much to sell credit managers and business executives on the desirability of exchanging their percentages, and there is every reason to believe that early in 1929 it will be possible to get together, on the basis of 1928 operations, the most significant collection of bad debt loss percentages ever assembled by any organization.

A report of the survey covering food products and allied lines was presented in the CREDIT MONTHLY for September. Another survey recently completed covered twenty-nine leading manufacturers of paint and varnish. The co-operating concerns were:

The Arco Company, Cleveland.
Arnesto Paint Co., Inc., New York.
The Billings-Chapin Company, Cleveland.
Boston Varnish Company, Boston.
The Boydell Bros. Co., Detroit.
Carpenter-Morton Company, Boston.
The Cleveland Varnish Company, Cleveland.
Detroit Graphite Co., Detroit.
Detroit White Lead Works, Detroit.
E. I. du Pont de Nemours & Company, Wilmington.
The Eagle-Picher Lead Company, Chicago.
Enterprise Paint Mfg. Co., Chicago.
The Excelsior Varnish Works, Cleveland.
Fisher Wall Paper & Paint Co., Detroit.
Forman, Ford & Co., Minneapolis.
The Glidden Co., Cleveland.
Grand Rapids Varnish Co., Grand Rapids.
Hilo Varnish Corporation, Brooklyn.
Lincoln Paint and Color Company, Lincoln.
The Martin-Senour Co., Brooklyn.
National Lead Co., New York.
The New Jersey Zinc Company, New York.
The Patterson-Sargent Co., Cleveland.
Peninsular Paint & Varnish Co., Detroit.
Pittsburgh Plate Glass Co., Newark, N. J.
Schroeder Paint & Glass Co., Detroit.
The Sherwin-Williams Co., Cleveland.
The Truscon Laboratories, Detroit.
U. S. Gutta Percha Paint Co., Providence.

In these concerns, the average bad debt losses (ratio of bad debts actually charged off, to total net sales) were as follows:

Year	1918	(2 concerns reporting)	.00355
"	1919	(2 " ")	.00240
"	1920	(2 " ")	.00230
"	1921	(3 " ")	.00430
"	1922	(4 " ")	.00473
"	1923	(6 " ")	.00408
"	1924	(7 " ")	.00259
"	1925	(15 " ")	.00547
"	1926	(20 " ")	.00540
"	1927	(28 " ")	.00585

The highest figure reported for 1927 was .0150; the lowest .00083. It will be seen that the average for the past three years has been fairly constant, at a little over one-half of one per cent.

Bad Debt Surveys Appreciated

"WE will be more than pleased to compare our ratio with the general average, and look forward with interest to receiving the composite report."

"I am very much interested in the results of this study."

"I am glad to help by contributing the record of our own losses."

"I thoroughly appreciate this presentation of the average bad debt losses in various lines of business."

Above are some of the comments of credit executives who are contributing information to the surveys undertaken by the Education and Research Department of the N. A. C. M.

The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

More on Deferred Payments

INSTALLMENT BUYING. Compiled by Helen M. Muller. H. W. Wilson Co., N. Y., 1928. 120 pp. 90c.

This little book is No. 8 of Volume V of "The Reference Shelf," which is published by the Wilson Company to make available, when needed, good debates, collections of articles, briefs, bibliographies and study outlines, on timely subjects for public discussion. Each volume covers ten or more separate issues, comprising about 1,000 pages in all, and covers about a year in time.

Incidentally, the title of this publication has been given above with the spelling used by the publishers. The CREDIT MONTHLY, however, follows the New York *Times* and Professor Seligman's two-volume treatise in spelling the word "instalment" with one "l."

In her introduction, Miss Muller calls attention to the fact that the instalment plan dates back at least as far as the codification of the Roman law, and has been used in American real estate transactions for more than a hundred years. In the sale of sewing machines and pianos it has been in use for more than 50 years and in the sale of automobiles for more than a decade. Its greatest expansion has taken place, of course, since 1920.

The compiled part of the book begins with admirable briefs covering both sides of the question for purposes of debate. Next is an extensive bibliography, and a section on "General Discussion," quoting articles on the subject printed in the *Literary Digest*, the *Journal of Accountancy* and the *Journal of the American Banker's Association*.

Under "Affirmative Discussion" Miss Muller quotes the published views of Alfred P. Sloan, president of General Motors Corporation; A. E. Duncan, chairman of the board of the Commercial Credit Company; Professor E. R. A. Seligman of Columbia University; Charles E. Mitchell, president of the National City Bank; Otto H. Kahn of Kuhn, Loeb & Co.; Sir Frederick Williams Taylor, general manager of the Bank of Montreal; and others.

Under "Negative Discussion" the authorities quoted include J. George Frederick of the Business Bourse; United States Senator James Couzens of Michigan; James True, H. A. Haring, Professor Carl S. Dakan (one of the speakers at the N.A.C.M. Seattle Convention), and others.

Some of the most interesting reactions on the instalment selling problem are printed under the heading "Brief Excerpts." For example, on the affirmative side is the statement made in the *Bankers Magazine* that "one who qualifies for credit in any form and then protects that credit has shown character and gained in character by the experience quite as much if not more than one who has saved to pay cash."

On the negative side is Henry Ford's statement that of the total of 1926 production of automobiles of all makes, 10 per cent. or more were repossessed by the sales agencies for non-payment, and his significant comment that "under instalment selling the seller doesn't get the money and the buyer doesn't own the goods."

Use of Financial Statements

ACCOUNTING REPORTS IN BUSINESS MANAGEMENT. Homer E. Gregory. Ronald Press Co., N. Y., 1928. 445 pp. $5.00.

Formerly Chief Securities Examiner for the State of Washington, the author of this treatise is now associate professor of business administration and head of the accounting department in the University of Washington.

Professor Gregory's objective is to throw the strongest possible light on the use of financial and operating statements, together with a system of standards and performance records, in maintaining efficient management and control of a business enterprise. It is distinctly a worthwhile objective and a careful examination of the book leads to the conclusion that the author's marksmanship was good.

The message is addressed chiefly to three groups: comptrollers or head accountants, whose function it is to assemble and interpret all of the critical accounting and statistical facts of a business; functional managers, who are held responsible for the carrying out of the operating and financial policies of these concerns; and corporate directors, who are charged with the responsibility of maintaining solvency, operating efficiency and ultimate profit-making. Credit managers are, of course, included in the second group.

The material is divided into 22 chapters and an Appendix in which five practical problems are presented. The initial chapter, dealing with accounting as a control device, is followed by a discussion of control over business by means of standards and measurements. Next come five chapters on control over solvency, in which balance sheets, comparative balance sheets and the use of ratios are discussed. Chapter VIII deals with problems of valuation, Chapter IX with the handling of surplus and Chapters X and XI with reserves for replacement.

"Control over Credits and Collections" is dealt with in Chapter XII. The general treatment of credits and collections is fairly indicated by the sub-headings:

1. Analysis of Accounts and Notes Receivable.
2. Credit Department Standards.
3. Cost of Carrying Receivables.
4. Technique for Controlling Collections.
5. External Checks over Receivables.
6. The Turnover Method.
7. Standard Accounts Receivable.
8. The Average Daily Sales Method.
9. Effect of Sales Discounts on Average Age.
10. How to "Age" Trade Accounts where Sales Discounts are Taken.
11. Standard Receivables.
12. The Measure of Delinquents' Ac-

counts.

13. Average Age of Slow-pay Customers.

14. Valuation of Receivables.

15. Bad debts Based on Previous Experience.

16. Losses from Sales Discounts and Collections Costs.

17. Miscellaneous Receivables.

18. Control over Notes Receivable.

19. Valuation of Notes Receivable.

Chapters XIII and XIV, on "Control Over Working Capital" also contain nourishing meat for the credit manager. The other chapters (XV to XXII inclusive) deal with control over operations, covering profit and loss statements, efficiency reports, standard cost accounting and budgets.

Books, as the reviewer sees them, are of four kinds: those that need not be read; those that should be read but not used; those that should be used but not read; and those that should be read and used. This book belongs in Class Four.

More Light on Banking

THE BANKING PROCESS. Robert G. Rodkey. The Macmillan Co., N. Y., 1928. 354 pp. $2.50.

As the author of this book is associate professor of banking and investments in the School of Business Administration at the University of Michigan, one might expect him to approach the subject in the usual academic way, beginning with a long discussion of the theory of money, continuing with an elaborate history of the development of the Federal Reserve system, and concluding with a few casual observations on actual banking practice.

Such, fortunately, is not the case. Dr. Rodkey knows his banking theory, and gives his reader all of it that is necessary, but he devotes most of his attention to the practical problem of how banking is actually carried on. The result is a volume which will be acceptable not only to students in courses on money and banking but also to business executives who wish to get a vivid picture of the banking process.

After an introductory chapter the author outlines the principal banking functions, covering both investment and commercial banking. Chapter III on "The Nature of Commercial Banking" deals with the sources of bank funds (initial capital, earnings and deposits); reserves; the clearing operation; "the float"; the bank statement; and the loan process. Chapter IV presents a brief sketch of the origins of our banking system, Chapter V covers the collection process, and Chapter VI primary and secondary reserves.

Subsequent chapters deal with currency and banking reform; the Federal Reserve system and its operations; note issues; the bank acceptance and the discount market; commercial paper; domestic and foreign exchange; agricultural credit; and the interrelationship of reserves, loans and deposits. The concluding chapters discuss bank credit, the regulation of credit, the changing status of commercial banking and the bank statement. An Appendix in five sections presents two bank statement problems, several bank statement forms, the text of the McFadden Act, extracts from the Federal Reserve Act, and a comparison (formulated by the Federal Reserve Bank of Richmond) of the reserve requirements under the National Bank Act with the original and present requirements of the Federal Reserve Act.

Chapter XVII on "The Regulation of Credit" deserves careful study. Production indexes, Dr. Rodkey says, have become increasingly important to the Federal Reserve administration in determining whether additional credit is serving to increase production or merely to drive up prices. If it results merely in driving up prices it is unwarranted; if it leads to increased production it is justified.

From this, the author concludes, it should not be inferred that stability of prices should be the main object of the reserve administration. There is nothing in the Reserve Act to justify the use of the price level as a guide to credit policy, and the Reserve Board has definitely asserted that this is not its aim. The credit of the Reserve System is to be used to accommodate commerce and industry; it is productive credit in the sense that its proper use is to assist in the production and distribution of commodities. A wise credit policy on the part of the reserve

authorities, however, will normally tend to minimize the extreme fluctuations in the price level and the concomitant swings in the business cycle.

New Accounting Text

ACCOUNTING METHOD. C. Rufus Rorem. University of Chicago Press, Chicago, Ill., 1928. 596 pp. $4.50.

This adds another volume to the useful series published by the University of Chicago under the general title of "Materials for the Study of Business." Its author is a C. P. A., and is assistant professor of accounting in the University.

The book is offered as an approach to the important problems of business transactions and a device for measuring and interpreting these transactions. It discusses accounting as a special type of quantitative method and as a tool for economic control. It emphasizes the fact that accounting is a *method* which, when applied to simple business transactions, becomes "elementary accounting," and when applied to complex situations becomes "advanced accounting."

There are four chief divisions of the text material. Part I (two chapters) indicates the role of accounting in modern economic life. Part II (18 chapters) deals with double-entry accounting. Part III (12 chapters) covers the problems of accounting valuation. Part IV (8 chapters) discusses the interpretation of accounting data. There is a compact bibliography and about 50 pages of problems, which the author calls "laboratory exercises."

Credit problems are naturally not stressed in this text, but Professor Rorem gives an interesting account of the origin of the terms "debit" and "credit." The use of these terms, he says, arose from the custom of Italian merchants who maintained lists of their customers and vendors with whom deferred payment agreements had been drawn up. A customer was a person who owed the enterprise or the enterpriser (*debet* = he owes), and the customers were listed as debtors of the firm. A vendor was a person who intrusted assets to the enterprise (*credit* = he trusts), and the vendors were shown as the creditors of the firm.

The terms "debit" and "credit," so useful for the expression of these personal relationships between the enterprise and outsiders, were later extended to other accounts and resulted in the personification of all the aspects of financial status and operations. Each account was dignified as a separate financial entity, having debtor-creditor relations with the other accounts. Professor Rorem's text deals with debit and credit strictly in terms of increases and decreases of balance-sheet data, without regard to the meaning of the words in the early stages of double-entry technique.

In concluding this review, it is clearly appropriate to refer again to the mechanical excellence of the business texts put out by the University of Chicago Press. Here, for example, is a book of virtually 600 pages which is only a trifle more than an inch in thickness. This result is not reached by a crowding of the printed material, as the type is clear and the margins ample. It is achieved largely through the selection of a paper which is thin, but not thin enough to "show through." The binding is in a pleasant shade of dark green and the back-stamping in real gold instead of the synthetic substitutes which tarnish and all but disappear before the book is a year old. The Press is to be congratulated on its success in putting useful goods into such attractive packages.

Applied Economics

THE AMERICAN WAY TO PROSPERITY. Gifford K. Simonds and John G. Thompson. A. S. Shaw Co., Chicago, 1928. 249 pp. $3.00.

The attempt to humanize economics continues, and this book introduces a new element,—illustration by cartoons. It contains, it is true, 24 charts of the old familiar kind, but is offers also 13 cartoons with such engaging titles as "How to Ring the Bell," "I Ought to be Broke, but I Ain't," and "The Man Who Opened the Hydrant."

The authors are respectively general manager and assistant to the president of the Simonds Saw and Steel Company. In the United States since the war, they say, research, the increased use of power and machines, simplification and standardization, elimination or reduction of waste, mass production, and scientific organization and management have produced such astonishing results in increased productivity that these years may reasonably be considered the beginning of the second Industrial Revolution.

Telling the story of these years in broad outline, the authors attempt to indicate whither the radical changes are leading us and to point out their effect on general welfare, on industry and business in general, and on particular industries. They address their message to the general reader, the key men in industry (including junior executives and foremen), and students of economics and business administration. They hope to reach all who are interested in reducing the cost of living as measured in labor-hours and thereby raising the standard of living; all who would like to be rich and to see all others become rich in the good things that men need and desire; and especially the ordinary worker, who in America today is often an educated man and a reader of serious books.

The chapter headings are so compact and yet so adequate that they are here reproduced in the hope that some actual or prospective writer on economics will see them and profit thereby:

I Introduction
II Production
III Distribution
IV Research
V Forecasting

VI Budgeting
VII Organization
VIII Personnel
IX Social Control of Industry

Social control of business, the authors conclude, must be indorsed by every intelligent business man whenever, in the most efficient manner, it reduces cost on the books of social accounting or on the books of production expenses. The most efficient and desirable manner of doing this is through business management influenced by intelligent public opinion. In the long run, social costs are likely to be increased if business managers and owners are coerced into action in which they do not believe.

Business leaders and managers cannot, however, remain passive in the matter. They should influence public opinion by helping to educate the public in regard to business and economics. This can well be begun with their own employees and customers, but it should not stop there. It should reach public education through the junior and senior high schools. In the colleges and universities it is making great headway in the increased attention given to economics and in the establishment of schools of business administration, while the general public is being reached through prizes offered for essays on economic subjects.

Bulk Sales Law History

IN an article, "Bulk Sales Law—A Study in Economic Adjustment," in the November, 1928, issue of the Pennsylvania Law Review (University of Pennsylvania Law School, Philadelphia,) the author, Thomas Clifford Billig, J. D., traces the history of Bulk Sales Legislation from the origin of the statutes in 1896, down to the present time.

The activity of the National Association of Credit Men and the local associations of credit men on behalf of bulk sales legislation is set forth in great detail in a subdivision of the article entitled "Campaign for Bulk Sales Legislation".

The author traces the stormy progress of the statutes against the constitutional objections which were raised against them in many jurisdictions until the question was finally settled by the United States Supreme Court. Numerous extracts from the CREDIT MONTHLY are quoted, and the statistics explained.

Read in conjunction with the comprehensive article on Bulk Sales Laws which will appear for the first time in the "Credit Manual of Commercial Laws with Diary—1929," this article by Dr. Billig will prove extremely valuable and interesting to students of the subject.

Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

Conditional Sales

Q. By printing on bills certain terms, can you transform an ordinary purchase and sale of merchandise into a conditional sale?

A. When an order is placed for merchandise, the seller has the privilege of either accepting the order as placed or rejecting it and making a counter-offer. This counter-offer may take the form of stipulations with reference to terms of sale, reservation of title, etc. An order may be accepted merely by the shipment of merchandise. If so, the order is accepted in accordance with its terms and any statements or an invoice which are contrary to the agreement, being after the contract has been made, are a nullity.

Bankruptcy

Q. Are trustees in bankruptcy allowed to deposit funds in banks of their own choosing without insuring such deposits?

A. The trustee in bankruptcy is required to deposit funds in any of the certain depositories designated by the district court of the district in question. In such case, the trustee is not required to insure such deposits. If one of the legal depositories becomes insolvent, the trustee is not responsible.

Checks

Q. Upon what authority do certain banks protest checks that are plainly marked with "N. P." stamp? Is there a law or Federal Reserve Bank rule governing the protesting of N. S. F. checks?

A. The Federal Reserve Bank has a rule which is followed by practically all banks to the effect that all checks in an amount over $10.00 are to be protested unless stamped with a "N.P." stamp with an A.B.A. bank number underneath the stamp. If a check is just marked "no protest" without the bank number, the check will be protested since there is no authority for not protesting it. There is, as far as we know, no Federal Reserve Bank rule governing the protesting of N.S.F. checks.

Partnership

Q. Please give your opinion with regard to a case similar to the following: A and B are in partnership. As a partnership they owe C $1,000.00. A and B dissolve partnership. C, the creditor, receives from A on the 10th of the month, which would be ten days after the partnership had been dissolved, a series of five checks, in settlement of the account. Said checks are post-dated ten days apart, commencing on the 20th of the month, in which the partnership was dissolved on the 1st. Two of these checks were paid. Three have not been. Does the fact that the creditor C, took these checks and used two of them, and the fact that these two were paid, obligate them to hold only B instead of A and B, or would the same rule apply as in case A had given C two checks and neither had been paid on the account, unless C had released B. We take it that both A and B would be responsible inasmuch as submitting post-dated checks cannot in any way obligate the receiver of the same to the acceptance of them, they being only tendered by and for the partnership, even though only one of the partners signed the checks. That is our suggestion with regard to the checks, provided none had been paid. What we want to know is, does the paying of two of the checks involve a contract or an acceptance of the tender of the entire series of checks?

A. The general rule is that the partnership continues even after dissolution for the purpose of settling its affairs. The dissolution of the firm does not abrogate firm contracts nor discharge the liability of the partners to third persons on firm contracts.

Following notice of dissolution a partner cannot, in general, in the absence of any element of ratification or estoppel, issue negotiable paper in the firm name, even in settlement of a debt of the firm, so as to bind his former associates, *Gardner vs. Conn* 34 Ohio St. 18; that is to say, negotiable paper given in the firm name after dissolution in the absence of agreement does not discharge the original debt. The same rule applies to the negotiable paper of one partner taken after dissolution of the firm, and neither the original debt nor the liability of the maker of the note or negotiable paper on such debt is discharged by the negotiable paper, in the absence of agreement.

If it is agreed that the negotiable paper of one partner be accepted by the creditor in discharge of a firm debt, such acceptance, it is generally held, discharges the other partners unless there is a condition that the debt is not discharged until paid. *Leach vs. Church* 15 Ohio St. 169.

Since the debt in question is a firm debt, incurred before dissolution, both A and B are liable for it in the absence of agreement until it is paid, and in our opinion the acceptance of two of the checks of the series will not create a contract to accept the entire series.

Suits

Q. Is it practical to include in a Conditional Sales Contract a stipulation to the effect that "the debtor agrees to accept service, in the event of suit, by mail, or any other means not provided by law", so that a concern in Massachusetts doing a national business may be able to sue such accounts as it may find necessary in the Massachusetts courts?

A. The jurisdiction of the Federal and State Courts in the various states of the Union is specified and limited by law, and it is beyond the power of individuals to extend or curtail that jurisdiction by private agreement, so any judgment obtained on the strength of such an agreement would not be valid.

As To Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the Credit Monthly. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved. —E. P. P.

The Crook I Didn't Arrest

(Continued from page 16)

front door was unlocked as doors frequently are in small towns, so we went right on in.

It was a domestic scene that confronted us, just the sort of thing, I suspect, that Fuller had feared. This bogus Mr. Glyn, who had received the stolen merchandise, was seated at a library table, with a newspaper in his hand. A handsome blonde that I knew at once must be Mrs. Fuller was seated on the arm of his chair. She rose in confusion as we entered, but assumed an attitude of defiance as her husband pointed an accusing finger at her.

"Well, Henry," said the runaway wife, "there's no use pretending. What do you intend to do?"

Fuller didn't say anything, but at her words, his arm dropped to his side. He just stood there, looking rather hurt and puzzled, as if he couldn't quite realize what had happened. His face had a stony look, and his eyes seemed to be looking at something a long way off.

Of the three, the so-called Mr. Glyn seemed the most self-possessed. The way the light fell on his face, I had seen only the profile, and I got the shock of my life when he turned toward me. He was Sam Kastel, alias Phil Shipman, alias Frank Compton, wanted on half a dozen charges back east, and wanted at that moment by the Department of Justice on a fraud charge pressed by the N. A. C. M.

I had a warrant for him in my pocket, sent to me with information that he was headed west, but I hadn't hoped to locate him so easily.

I served the warrant on Kastel, and told the woman that she had better come along. Then I used the telephone to get in touch with the U. S. Marshal's office. Fuller, meanwhile, hadn't come out of his trance. He wasn't under arrest, and I didn't have the heart to arrest him then, but I had no fears that he would try to get away. I told him to come around to the Marshal's office in the morning, and started back to the city with Mrs. Fuller and Kastel.

It would have been a lot better if I'd been hard-boiled then and arrested Fuller. His evidence would have made it easier to convict the other two, though we didn't have any trouble getting convictions. I've always been sorry that I didn't arrest him, poor chap. You know what the little shrimp did? He went back alone to his wife's pretty little house that night and killed himself . . . gas from the kitchen range.

Does the Farmer Deserve Credit?

(Continued from page 10)

helping hand. And if proof is wanted for the statement that the farmer, as a sound credit risk, stands higher than any other class of people, let me quote from a report coming from a country banker in Illinois.

This bank, it seems, had charge-offs of nearly $3,000 on its loan account during a period of four years, and yet only $240 (or less than ten per cent.) of the total represented loss on loans to farmers. Naturally, this banker considers the farmer as the most valuable customer his bank could have. He has proved that farmers as a class are gilt-edged risks. There is no reason why every banker should not feel the same way about lending to them, provided, of course he uses the same good judgment and caution in granting a farmer's application that he does in lending to others.

Collection Agency Problem

(*Continued from page 12*)

nature, amount, and location of his property. One of the elementary steps in credit work is the securing of a financial statement periodically from the debtor. This statement should include not only the amount, but also *the nature and location of the debtor's assets.* If this statement is available to the attorney, he can instruct the sheriff where to look for the debtor's property. Again, when the debtor is examined under oath, the statement will aid materially in tracing the debtor's property, especially in the event that it has been fraudulently transferred by the debtor to avoid satisfying the judgment.

The second reason why collection service is generally unsatisfactory has to do with the method of compensation. This subject may be divided into three parts,—the amount of the fee, the fact that it is contingent upon collection, and the uniformity of fee for all cases.

Some claims are readily collectible: A letter from the agency or the attorney will bring results forthwith. In other cases, however, all the work of locating the debtor, ascertaining his correct legal name, (which in many cases must be obtained by examining the records in the County Clerk's office), demanding payment through personal interviews and otherwise, serving the debtor with processes, filing the papers with the proper tribunal, framing the pleadings, preparing the evidence and the case for trial, the trial itself, execution, obtaining and serving an order for supplementary proceedings, conducting the examination, and the subsequent pursuit of the debtor's assets, must be gone through before the case is successfully completed. There are usually frequent adjournments of trial and of the examination in supplementary proceedings.

But in all cases, whether the work done is little or is exceedingly involved, the compensation to the attorney and the agency is the same. The theory is, of course, that the collecting medium will regard easily settled cases as offsetting those difficult to handle.

The result is that the difficult cases are frequently dropped just as soon as that fact is discovered. Too many agencies, on discovering that a claim is difficult to handle, will write the client demanding advance fees and costs, and then, after the client's check has been received, deliberately drop the case. This is one of the worst features of the contingent, uniform fee.

Abolish Uniform Fee!

I have come to the conclusion that the uniform fee should be abolished. The collection of accounts receivable is as much a part of the general practice of law as any other work performed by an attorney; yet in no other type of work will an attorney contract his services on a contingency basis except where the percentage of remuneration is much higher than fifteen per cent. In justice to the attorney, why should he be compelled to risk his time and effort when his interest in the claim is so much smaller than that of his client? After all, who should know better as to the financial responsibility of a debtor than the man who originally sold him on credit?

If instead of the uniform, contingent fee the collecting medium were to submit at the termination of each case an itemized statement of the amount of work done, together with an invoice therefore, the agency would be inclined to give each individual case much better service. Less would be charged for the cases easy to collect, and more would be charged for the difficult cases. A charge would be made in all cases, whether collection was made or not, and this would serve as an incentive to the collecting medium to put forth its best efforts in all types of cases. The itemized invoice would enable the client to ascertain the general efficiency of the collecting medium, and would at the same time inform the client whether the medium was unduly expensive.

This plan would perhaps serve to increase the costs of collection, but it would also serve to lessen bad debts. After all, when an account has reached the stage where outside collection efforts are necessary, a matter of five to ten per cent. in the fee to be paid to secure effective collection service is of much less importance than securing satisfaction of the account. The credit manager who tries to bargain with the agency in the matter of rates is in reality injuring his cause, since it is only natural for the agency to give the greater time and effort to cases in which a satisfactory remuneration is received.

The Cost of Carrying an Account

(*Continued from page 14*)

portance to exert a perceptible influence.

Logically, terms of sale and cash discounts should be determined on the basis of the cost of carrying accounts. In fact, these matters are based largely on competition and custom. The credit executive may therefore fail to keep clearly before him the relative value of the various customers especially as between the so-called discounters and those who do not pay promptly.

In the final analysis the all important thing is for the credit executive to be thoroughly informed as to what constitutes a profitable account. What is a profitable account? When you O. K. an order for shipment, do you in every instance expect that account to be paid strictly in accordance with your stated terms? Do you think you would be serving the best interests of your house if you turned down every order which you had reason to believe would probably not be paid strictly in accordance with your terms? However you may answer these questions, I am sure that you expect the account to be liquidated at such time and in such manner as will result in a profitable transaction to your house.

Which Accounts Profitable?

It is not necessary for an account to be a discounter in order to be profitable. There isn't the slightest question but that *an account that pays promptly in 30 days is more profitable to the house than a discounter buying the same amount of merchandise.* The difficulty is, however, that the non-discounter does not always pay promptly in 30 days. It may be 60, 90, or 120 days. After the discount has been lost many customers seem to take the attitude that they are entitled to more than 20 days longer in consideration of their having to pay what amounts to a penalty, and considering the size of this penalty or discount, whichever you are pleased to call it, it is easy to see that the rate is pretty high.

Leaving out the matter of losses on bad accounts, extra work and expense in connection with sending out statements, collection letters, etc., *an account paid in four months is approximately as profitable as if it had been discounted at 2 per cent. in 10 days.*

The discounter, other things being equal, is, I am fully aware, the joy of the Credit Manager's heart. I do not want it understood that I am defending in any sense the attitude of the slow pay customer or the "lame duck"; but we should not lose sight of the fact that many accounts which cause the Credit Manager a lot of grief because of slow payments are not entirely unprofitable to the house. This is especially true if interest is collected from the customer after the account is thirty days old.

Without divulging any confidential information, let me give some approximate figures from the operating statement of a jobber whose sales for each of the past four years have averaged about $1,500,000, and whose turnover of accounts receivable has averaged considerably over once each month. Probably 70 per cent. of the total sales volume is discounted, which gives the high rate of turnover. The remaining 30 per cent. runs 30, 60, 90 days or longer. Bad debt losses have averaged approximately 1/5 of 1 per cent. on sales. Of course, all these losses are chargeable to that 30 per cent. group which does not discount, but even so the percentage of loss when applied to

this 30 per cent. group is only slightly over 2/3 of 1 per cent., whereas the discount of the discount class averaged considerably above 1 per cent. It is quite evident that in this particular institution the non-discounters as a class are not wholly unprofitable.

In conclusion.—(a) the cost of carrying an account does not start until after the maturity date of the account, which is the last day on which the account can be paid and receive the maximum discount or avoid the maximum penalty, and (b) all costs in connection with the accounts accruing after maturity must be distributed equitably on the basis of volume, turnover and other specific elements which have to do with individual accounts.

Checks Drawn on Defunct Banks

Creditor's Rights When Check Is Marked "Paid"

By W. Randolph Montgomery

Of Counsel, National Association of Credit Men

DURING the past year many members of the National Association of Credit Men have been confronted with the question of what recourse they have against a debtor who has paid an account with a check drawn upon a bank which has been closed after the check was charged to the debtor's account, but before the funds reached the creditor.

For example: The "A" corporation, located in New York, sells flour to the "B" corporation, in Miami, Florida, and receives in payment a check drawn by the "B" corporation on the "X" bank in Miami. The "A" corporation deposits the check with its bank in New York for collection, and the check eventually finds its way to the "X" bank in Miami for payment. The "X" bank charges "B"'s account with the amount of the check, stamps it "Paid" and returns it to "B". The "X" bank then issues its cashier's check on its New York correspondent in an amount sufficient to cover "B"'s check and other amounts sent to it, but before the check arrives in New York, the "X" bank fails and the cashier's check is dishonored when presented to its New York correspondent for payment. The "A" corporation advises the "B" corporation of what has transpired and demands a new check. The "B" corporation replies that its debt has been discharged and that it has in its possession a canceled check bearing the stamp "Paid".

On a similar state of facts the courts have held that the debt of the "B" corporation to the "A" corporation has been discharged. See Fergus County *vs.* Federal Reserve Bank, 244 Pac. 883; Jensein *vs.* Laurel Meat Co. 230 Pac. 1081; Douglas *vs.* Federal Reserve Bank, 271 U.S. 489.

The right of the creditor in such a case to sue the insolvent drawee bank is a most unsatisfactory substitute for the credit of a solvent debtor, but except in a few jurisdictions, where the state legislatures have passed statutes to meet this situation, an action against the insolvent bank is usually the only available remedy.

Such legislation has been enacted in South Carolina, Utah, Montana, Colorado and Louisiana, the laws variously providing that items sent to a bank for collection are a trust fund and entitled to a prior lien on any unassigned assets of the collecting bank; or that checks or drafts issued by banks or trust companies in settlement of instruments received by them for collection and remittance of payment shall, upon insolvency, be entitled to payment in full in preference to the claims of depositors; or that the maker of the check shall not be released from liability under such circumstances.

These statutes are reviewed and explained in the forthcoming 1929 edition of the "Credit Manual of Commercial Laws with Diary," together with the latest decisions of the courts on this most important and interesting point.

NAME	TERMS	TOTAL	1st MO. 30 DA	2nd MO. 60 DA	3rd MO. 90 DA	4-6 MOS.	7-12 MOS.	REMARKS

Heading for collection sheet about eleven inches wide

A Collection Sheet

Helps to Make Good Collections Better

By M. S. Aaron

THE word "conditions" no doubt plays more largely around the profit and loss balance at the end of the year among merchandising and credit concerns than any other one thing. Conditions are an uncontrollable element in the business world, however, and are generally ignored, yet there is another vital element which is controllable and is often ignored also—that is the systematic manner in which the collection sheet presents information to the credit manager from month to month.

If the collection sheet is faithful in its portrayal of accounts as they appear on the ledger, and is used wisely by the Credit Manager, it will prove to be a more valuable asset than the most expert legal assistance in closing undesirable accounts. In the main, it does three things: (a) It enables the collection department to close accounts at the proper time; (b) it gives the manager of collections a working knowledge of his field; (c) it gives him an objective to attain.

In this article is presented a description of a form that has been found to be very effective. If any effort is put into the use of it, the results will be gratifying. On the first of each month accounts as they appear on the ledger are analyzed on a sheet with typewritten heading as shown herewith.

Paper eleven inches wide is required to make a collection sheet of this many columns. Wider paper is more satisfactory if a larger typewriting machine is available. The sheet is made on the typewriter with several carbon copies to be used by the various branches of the collection department. At least ten spaces should be given to each column to prevent cramping; and to make this allowance it is not possible to classify accounts according to months for a longer period than three months.

It is in rare cases, however, that more than ninety days are granted on open accounts and after the ninety day column it is a safe practice to combine several months in one column. If an account is either four or six months old and the column for terms shows only a thirty-day credit limit it is considered questionable, and it is time to withhold credit until a very thorough investigation is made. The Credit Manager then decides whether or not it is wise to sell the customer further on credit and what methods he shall pursue to collect the account that has already been made.

As remittances are received each day, accounts that are paid in full are scratched from the list. Accounts appearing in the thirty-day column are not questioned as the monthly statement has been mailed on the first of the month and payment is expected upon receipt of the statement. However, if the account is not paid in the first month, the following month it will move into the sixty-day column. If the column for terms shows that this particular account carries sixty-day terms it is not classified as delinquent until the following month when it will move into the ninety-day column if unpaid.

Why Delinquent

Before any extreme measures are taken to collect accounts in past due columns the question must be settled as to why payment has not been made. Is it due to the fact that there is some error in the charge, or because a careless employee has missent invoices and statements? It is well to give the customer the benefit of the doubt and, through the tact of the credit department to secure a loyal friend and customer for the concern rather than to jump to the hasty conclusion that a customer is dishonest,—later to be confronted with the fact that your own salesman has used the wrong initial in making the charge, or given the wrong address, or with any of the many reasons which cause good accounts to go unpaid.

Human Side of Collections

Many customers are sensitive about their credit standing and when unforseen circumstances force them a month or so behind with payment of their bills they resent the questioning, nagging attitude of a credit department that has long done business with them and found them to be prompt paying customers. On the other hand, they appreciate favors shown them in the way of extensions on accounts by note settlement, etc. Thus we find that even in the hard game of collections there is a human quality that may be legitimately and effectively used.

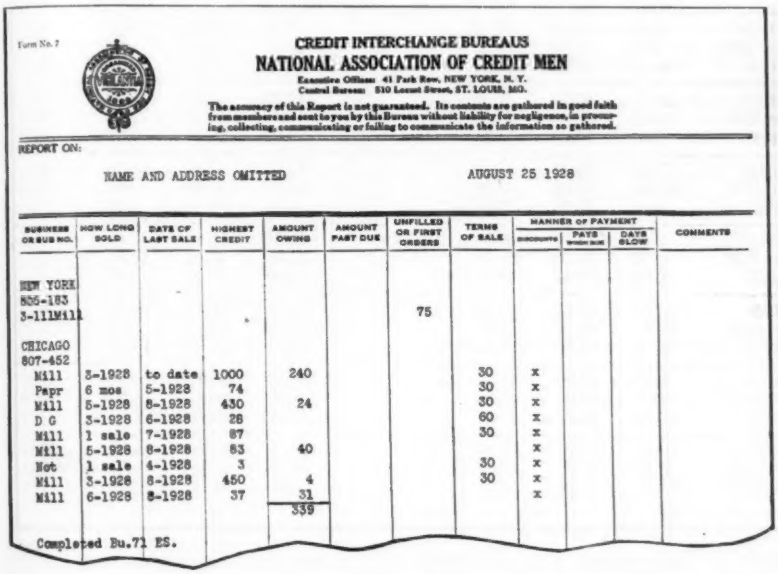
In the event that an account appears in the column "7-12 MOS." (seven to twelve months old) it is due to the fact that the justice of the account is disputed; or the customer is unable to pay and was unworthy of credit in the beginning; or the customer is a dead beat and must be handled by the Law. In the course of the time that the account has been moving from the current column to the seven to twelve months old column the manager has had time to learn the facts in the case and determine what course to pursue to make settlement.

The efforts of the traveling salesmen to close accounts at the proper

(*Continued on page 34*)

Individualism *versus* Co-operation

By Carl A. Roy



Form No. 7

CREDIT INTERCHANGE BUREAUS
NATIONAL ASSOCIATION OF CREDIT MEN
Executive Offices: 41 Park Row, NEW YORK, N. Y.
Central Bureau: 510 Locust Street, ST. LOUIS, MO.

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence, in procuring, collecting, communicating or failing to communicate the information so gathered.

REPORT ON:

NAME AND ADDRESS OMITTED AUGUST 25 1928

Business or Sub No.	How Long Sold	Date of Last Sale	Highest Credit	Amount Owing	Amount Past Due	Unfilled or First Orders	Terms of Sale	Manner of Payment: Discounts	Pays When Due	Days Slow	Comments
NEW YORK 806-183 3-111Mill						75					
CHICAGO 807-452											
Mill	3-1928	to date	1000	240			30	x			
Papr	6 mos	5-1928	74				30	x			
Mill	5-1928	8-1928	430	24			30	x			
D G	3-1928	6-1928	28				60	x			
Mill	1 sale	7-1928	87				30	x			
Mill	5-1928	8-1928	83	40				x			
Not	1 sale	4-1928	3				30	x			
Mill	3-1928	8-1928	450	4			30	x			
Mill	6-1928	8-1928	37	31				x			
				339							

Completed Bu.71 ES.

A CHICAGO retail concern placed several orders totalling $300 with the Individual Wholesale Co. and an order amounting to $75 with the Co-operative Wholesalers, Inc. The latter immediately called for a report from the Credit Interchange Bureau of the National Association of Credit Men and received the report printed herewith.

The other wholesaler, still operating on the old individualistic basis, attempted, without utilizing the Interchange Bureau service, to ascertain the credit standing of the retail credit concern—which had been in business five months. No information was forthcoming and the wholesaler wrote to the customer on August 29, 1928, as follows:

Dear Sirs:

We have several orders on hand from you sent through our representative Mr. Blank, namely, one order dated August 7 and one dated August 16.

We have used all our efforts to secure credit information to warrant our opening an account with you but up to the present writing we have been unsuccessful.

We, therefore, owing to the lateness, are compelled to cancel the order. Hoping this has not inconvenienced you, we are

Very truly yours,
Individual Wholesale Co.

The Co-operative Wholesalers, Inc., on the strength of the favorable Interchange Bureau Report, promptly shipped the $75 order. The bill was discounted and an immediate profit was made. Friendly relations, which will undoubtedly result in further business, were established.

On the other hand, the Individual Wholesale Co. lost an immediate profit on business amounting to $300 and furthermore is exceedingly unlikely to secure any future business from this source.

This is an actual happening. It clearly demonstrates the value of co-operation to the credit executives whose desire it is to be a factor in the development of business and profits for his organization.

Remember our advertisers.

POSITIONS WANTED

New York N. I. C. Chapter

THE Secretary of the New York Chapter of the National Institute of Credit of the N. A. C. M., Samuel Newberger of Samuel Newberger & Co., 38 Park Row, New York, extends a cordial invitation to young men interested in Better Credits and invites them to join the ranks of the National Institute of Credit. The annual dues are $5.

Monthly meetings are held at the New York Credit Men's Association, 468 Fourth Avenue, New York.

Business Outlook in 6 Lines

More Optimistic Than Previous Month and Year

ROBERT MORRIS ASSOCIATES

MENTAL SITUATION CHART

		PRESENT In Percentage of Replies			FUTURE In Percentage of Replies			
		Above Normal	Normal	Below Normal	Improving	Stationary	Declining	No. Reporting
Boot & Shoe Mfrs.	October 1928	0.00	60.00	40.00	33.33	60.00	6.67	30
	September 1928	5.88	55.88	38.24	29.41	70.59	0.00	34
	October 1927	16.67	47.22	36.11	33.33	63.89	2.78	36
Department Stores	October 1928	20.51	61.54	17.95	69.23	30.77	0.00	39
	September 1928	13.51	59.46	27.03	56.76	40.54	2.70	37
	October 1927	6.67	80.00	13.33	40.00	60.00	0.00	15
Toy Manufacturers	October 1928	17.24	55.17	27.59	55.17	37.93	6.90	29
	September 1928	12.00	48.00	40.00	52.00	48.00	0.00	25
	October 1927	8.00	72.00	20.00	36.00	56.00	8.00	25
Wholesale Dry Goods	October 1928	2.44	31.71	65.85	34.15	58.54	7.31	41
	September 1928	0.00	38.30	61.70	27.66	61.70	10.64	47
	October 1927	0.00	54.17	45.83	62.50	37.50	0.00	24
Wholesale Grocers	October 1928	12.86	67.14	20.00	54.29	41.43	4.28	70
	September 1928	14.29	64.28	21.43	51.43	41.43	7.14	70
	October 1927	7.50	65.00	27.50	42.50	47.50	10.00	40
Wholesale Hardware	October 1928	8.33	50.00	41.67	39.58	50.00	10.42	48
	September 1928	4.00	52.00	44.00	28.00	64.00	8.00	50
	October 1927	7.32	51.22	41.46	31.71	60.97	7.32	41
All Reports Combined	October 1928	10.51	55.25	34.24	48.25	45.91	5.84	257
	September 1928	8.37	53.99	37.64	40.69	53.61	5.70	263
	October 1927	8.29	59.12	32.59	39.78	54.70	5.52	181

THE above table shows how credit executives in six major lines of industry regarded business in October, 1928, in September, 1928, and in October, 1927. They were asked to state whether their company's business was above normal, normal, or below normal. The question was put by Alexander Wall of Lansdowne, Pa., Secretary-Treasurer of the Robert Morris Associates, the organization of several hundred Credit Managers of banks throughout the country which are members of the National Association of Credit Men.

The answers to the questions are shown in percentages of replies from the commercial Credit Managers.

The table shows also the attitude of these experts in future conditions towards the future of business in their lines. It is noticeable that in each line more of them were optimistic in October than in the previous month as well as in October, 1927.

A Collection Sheet

(*Continued from page 32*)

time are as important as the work done in the office of the credit department. A recap of the accounts in each territory should be made and listed according to towns as they appear on the route sheet. The same form should be used as is used by the collection manager and the copy made from his sheet.

The Credit Manager should also keep a copy of each salesman's sheet, which will give him condensed, systematized information and he will know what to expect of each salesman in the way of collections. By referring to his sheet, the salesman can tell which accounts are delinquent and he will not solicit further business from such customers until the accounts are paid up.

It becomes a matter of pride with the salesman that his customers are all paid up and in good credit standing with his house. Delinquent accounts that automatically cut off their credit at the expiration of the credit limit become a handicap in the way of increasing his sales.

The objective which the Credit Manager and salesmen have before them is to keep blank the columns on the right hand side of columns showing matured invoices. Any accounts that appear across this imaginary "dead line" are given special attention.

Incidentally, if the Credit Manager has cause to believe that letters which he is addressing to certain customers are being purposely disregarded, a good scheme is to enclose the typewritten letter in a personal correspondence envelope, addressed by hand. The customer *will open it.*

These methods painstakingly followed will result, I believe, in good collections which, backed up by good sales, spell success to any merchandising business. They are based on eight years' experience in collection work with a wholesale company, and have been put to a thorough test

Court Decisions and Washington Notes

Formerly Distributed as the Vigilantia Bulletin by the National Association of Credit Men.

BANKRUPTCY

Act of Bankruptcy. Construction of Subdivision (5) Section 3 of the Bankruptcy Act as to Whether Alleged Bankrupt Had Committed an Act of Bankruptcy.

In this action it was alleged that the alleged bankrupt committed an act of bankruptcy within four months before the filing of the involuntary petition herein. Subdivision 5 of Section 3 of the Bankruptcy Act as amended by the act of May 27, 1926, provided that an alleged bankrupt shall have committed an act of bankruptcy if within four months before the filing of the petition he "(5) made a general assignment for the benefit of his creditors; or while insolvent, a receiver or trustee has been appointed, or put in charge of his property". It appeared that one S was at the time already in the employ of the alleged bankrupt and at the first creditors' meeting assumed the duty of looking out for the creditors' interest, and was in fact business manager under the President of the alleged bankrupt. No documentary evidence of any appointment of S as trustee was offered; the only property of the bankrupt that was placed under his individual control was a bank account which was opened by him as trustee in which was deposited something over $6,000, the main portion of which was received from the president of the alleged bankrupt. None of the stock of the alleged bankrupt was turned over to S but on the contrary the officers of the alleged bankrupt continued to function and the president of the alleged bankrupt was engaged in attempting to obtain orders, part of the time out of town. The court, saying that the abovementioned statute was a new provision of law and should be liberally construed to accomplish the purposes of the act.

Held, that the petition must be dismissed. The court said that S was not a receiver or trustee appointed or put in charge of the alleged bankrupt's property as contemplated by the act and, therefore, his appointment or employment was not an act of bankruptcy. In Re Matter of Publishers Gravure Press, Inc., Bankrupt (65311) U. S. Dist. Ct., Eastern Dist. of New York. Decided September 8, 1928.

* * *

SECTION 5A OF BANKRUPTCY ACT. PARTNERSHIP

Section 5a of the Bankruptcy Act provides that "A partnership, during the continuation of the partnership business, or after its dissolution and before the final settlement thereof, may be adjudged a bankrupt". By the Uniform Partnership Act of Pennsylvania of March 26, 1915 P. L. 18, the "dissolution (of a partnership is caused . . . . (4) by the death of a partner".

Held that the death of a partner usually dissolves a partnership unless there is a provision in the partnership agreement to the contrary. But the Congress knowing this fact did not except a partnership, dissolved by the death of a partner, from the general provision of section 5a. The Act treats a partnership as a legal entity regardless of the individual rights of the partners. Decree denying motion to dismiss petition in bankruptcy against partnership affirmed. Meek vs. Beezer. U. S. C. C. A. 3rd Cir. (Penn.) (64847).

SECTION 44. PERSONAL PROPERTY LAW

Action to avoid transfer made to defendant of entire business of judgment debtor of plaintiff in alleged violation of Sec. 44, Personal Property Law. The Appellate Court found in substance that the transaction constituted a sale of goods in bulk otherwise than in ordinary course of business and was void through failure of defendant to ascertain and notify the creditors of seller as required by the statute. Plaintiff here seeks to have the receivership authorized by the law, cover the good will as well as merchandise and fixtures included in the transfer. Held that the reference in Sec. 44 is plainly to tangible personal property. The opinion of the Appellate Division herein indicates that the purpose of the statute is to reach stock and fixtures. Judgment limited to merchandise and fixtures transferred. Thorndike & His Lobster Co. vs. Hall. N. Y. Sup. Ct. Montgomery County (65076).

* * *

CHECKS. GAMBLING DEBT

Suit on check drawn on Lawyers' Trust Company of Brooklyn, New York. Payment was stopped by drawer. The check was drawn in Florida. Two questions were left to the jury "Was check given to plaintiff for a gambling debt?" and "Was the check given by defendant for a loan?" To the first question the jury answered "Yes", and to the second "No". Plaintiff chose to sue on the check. This check was an executory contract, by its terms, to be performed in Brooklyn. All matters connected with its performance are regulated by the laws of the place where the contract by its terms is to be performed (Union Nat'l Bank of Chicago vs. Chapman, 169 N. Y. 538). The law seems to be well settled that there can be no recovery on check or bill of exchange founded on a consideration that is illegal in the place of performance. *Thuna vs. Wolf*, N. Y. Sup. Ct. App. Term, 1st Dept.—Decided May 2, 1928.

* * *

BILLS AND NOTES

Checks. Drawing of Overdraft on Correspondent Bank by Insolvent Drawee Bank in Satisfaction of Checks as Constituting Payment.

In an action for merchandise sold on account the defense of full payment was made. The alleged payment was made by the purchaser's drawing a check for the amount due upon its bank and transmitting it to the seller. The seller deposited the check with its own bank for collection and the latter in turn remitted it for collection to the drawee bank. The drawee bank was insolvent, although this was not known when the check was presented for payment and it did not have cash on hand sufficient to pay the check, although the drawer's account showed a balance larger than the amount of the check. The drawee bank drew a draft upon the other bank in satisfaction which included the amount of the check and some other items, accepted the check and sent it to the drawer. The other bank did not have sufficient funds to the credit of the drawee bank to pay the draft. The seller's assignee who brought the instant action, contended that drawing of the draft did not constitute payment of the check but an appropriation of it by the drawee bank.

Held, that the above transaction did not constitute payment, since the drawee bank did not have at the time of its receipt of the check sufficient cash to pay the amount, and since the draft was not drawn against a credit with the other bank. Accordingly, the purchaser could not claim that there was payment of the debt although the cancelled check had been sent to him, since the retaining of the check by the drawee bank was an approbation of it.

Byrne & Hammer Dry Goods Co. vs. Farmers' Mercantile Co.

Supreme Court of Nebraska. Decided June 28, 1928.

* * *

BILLS AND NOTES

Negotiability. Effect of Phrase "Maturity in Conformity With the Original Terms of Purchase" on Negotiability of Bill of Exchange.

A trade acceptance was drawn by an individual upon a co-partnership payable to the order of the individual. The co-partnership accepted the bill of exchange and the individual negotiated it to a finance company. In an action by the finance company against the co-partnership it was conceded that the co-partnership had an adequate defense against the individual and those holding under it and that the only basis of action by the finance company would be as a holder in due course of a negotiable instrument. The bill of exchange contained the following: "The obligation of the acceptor hereof arises out of the purchase of goods from the drawer, maturity being in conformity with the original terms of purchase." The finance company argued that this was a mere statement, that the date of maturity expressed in the bill was in conformity with the original terms of purchase and had no effect in altering the maturity date of the instrument.

Held, that the finance company could not recover as the bill was not a negotiable instrument. The quoted words incorporated into the note, the contract of purchase and the maturity date expressed therein, thereby making the instrument payable at an uncertain time.

Westlake Mercantile Finance Corp. vs. Merritt. Supreme Court of California. Decided Aug. 6, 1928.

* * *

BANKRUPTCY

Trustee. Power of Trustee Authorized by Majority in Amount But Minority in Number of Creditors to Interpose Objection to the Bankrupt's Discharge.

Section 32, Title 11 of the Bankruptcy Act relating to the subject of discharges in bankruptcy provides that a trustee shall not interpose objections to a bankrupt's discharge until he shall be authorized so to do at a meeting of creditors called for that purpose. Section 92 of the same title provides that creditors shall pass upon matters submitted to them at their meetings by a majority vote "in number and amount of claims of all creditors whose claims have been allowed and are present". A creditors' meeting was called to pass on the question of authorizing the trustee to interpose objections to the bankrupt's dis-

charge. Seven creditors with claims aggregating approximately $27,000. voted to authorize opposition and twelve creditors with claims aggregating approximately $17,000. voted against such authorization. The referee authorized the trustee to interpose objections upon this authorization. The bankrupt filed a petition to review the order of the referee, claiming that a majority in number of creditors was necessary for the authorization.

Held, that the order of the referee should be reversed, since, under Section 92 a majority in number of creditors as well as a majority in amount of claims was necessary to authorize the trustee to interpose objections to such a discharge, and that the statutes and the authorities furnished no exception to this rule.

In Re Federal Garage Co. Bankrupt. U. S. Dist. Court, West. Dist. of Missouri. Decided July 17, 1928.

* * *

BANKS AND BANKING

Negotiable Instruments. Checks. Payment. What Constituted Payment of Check.

Appellee was named as beneficiary in a life insurance policy issued by appellant to his brother who died. Appellant society drew its check on the First State Bank of Belton, Texas, payable to the appellee, in the sum of $740., the amount of the policy, and mailed it to appellee. Appellee presented it to the First National Bank of San Angelo for collection on January 3rd. The San Angelo bank sent it direct to the Belton bank for payment. The Belton bank stamped it paid on January 6, 1927, charged it to the account of the appellant, delivered the cancelled check to the appellant, issued its own draft for said sum, and sent it back to the San Angelo bank. Upon receipt of said draft the San Angelo bank issued a deposit slip to appellee for the amount of the draft, subject to its final payment, and sent the draft to its correspondent bank at Dallas, Texas, for collection. The Belton bank was placed in the hands of the State Banking Commissioner at the close of its business on the afternoon of January 7, 1927. The draft was never paid. The appellant at all times after it drew its check had on deposit in the Belton bank sufficient funds to pay it, and either the draft or the check would have been paid in cash by the Belton bank upon personal presentation and demand made to it therefor prior to the closing of its doors on January 7th. Appellee sued the appellant, the San Angelo bank, and the Banking Commissioner for the amount of the policy. The Court saying that this question seemed not to have been passed on directly in this state.

Held, that the appellee take nothing against the appellant but that he have judgment against the Banking Commissioner for the sum of $740. The court said that the action of the Belton State Bank, when the San Angelo bank sent said check to it, in cancelling same, returning it to the drawer marked paid, charging the amount thereof against appellant's account, issuing in its stead its own draft, which was returned to and accepted by the San Angelo bank for collection, whose conduct in the matter was authorized, ratified and confirmed by appellee, constituted a payment of said check and released appellant from further liability under the circumstances, though said draft was never paid. Friends in Need Society of Bell Co. vs. Peterson. Court of Civil Appeals, Texas, 3rd Jud. Dist. Decided September 20, 1928.

* * *

CHECKS

Where a debtor mails a check to his creditor in settlement of an account, which check is not accepted but is returned by the creditor because of a dispute in the account, and such check thereafter is accepted by the creditor under an agreement that the same may apply as a credit on the account leaving the disputed portion of the account open for future adjustment, and such creditor thereafter promptly presents the check for payment and same is returned unpaid because of failure of the bank upon which it is drawn, held that such creditor is not liable for the loss occasioned thereby, even though the check might have been paid and the loss averted had it been accepted and presented for payment by such creditor when first received, and even though it be established at the trial that the check first tendered was sufficient in amount. Kling Bros. & Co. vs. Whipps et al. Sup. Ct. Okla. Decided September 11, 1928.

* * *

NOTES. LACK OF CONSIDERATION FOR INDORSEMENT

Defendant Smith endorsed the note at payee's request long after maturity on payee's representation that such endorsement would be an accommodation to him. Held, that consideration between promiser and promisee is an absolute essential, and where defendant derived no benefit, and plaintiff suffered no possible loss or detriment, the undertaking is without consideration and must be regarded as nudum pactum as between the parties thereto. Kinch vs. Cole et al. Sup. Ct. Okla. Decided September 11, 1928.

* * *

WASHINGTON NOTES

These notes are supplied by George C. Shinn, Wilkins Building, Washington, D. C., representative of the National Association of Credit Men at the Capital.

Survey of Retail Credits

The Department of Commerce is busy these days making a survey of the retail credits throughout the country, being assisted in this matter by the National Retail Credit Association and numerous other business and credit associations. Forty-nine persons representing the various states of the Union and the District of Columbia are co-operating with the department and the survey will include three major subjects—cash transactions, open credit, and deferred or instalment payments.

It is believed that if the survey by the Government proves useful, other credit surveys will be undertaken.

* * *

Gain or Loss in the Exchange of Property

The General Counsel of the Bureau of Internal Revenue recently gave an opinion involving the question of gain or loss in the exchange of property.

It appears that A, prior to his death on February 1, 1921, was engaged in the business of selling merchandise on the instalment plan. His income for 1919 and 1920 was determined upon the instalment basis. The unrealized profits on the instalment sales uncollected as at the date of his death amounted to $3. His capital account as at that time showed a credit balance of $10. The books were closed as at February 1, 1921. The amount of the unrealized profits was set up in the balance sheet as at that date as a part of the capital account of the decedent. The executor caused a corporation to be organized in April, 1921, under the name of the M Company, with an authorized capital stock of the par value of $13, which is approximately the same amount as the capital account of the decedent plus the unrealized profits referred to. The executor thereupon transferred to the corporation the instalment accounts receivable and other assets as of February 1, 1921, to December 31, 1921, and included therein the income realized from the business for that period. In auditing the return of the estate for the period February 1, 1921, to December 31, 1921, the unrealized profits were treated as income to the estate, thereby resulting in a deficiency in tax, which has been paid. The case was before the Bureau on a claim for refund.

The General Counsel held from the foregoing facts that under the provision of Section 202 of the Revenue Act of 1921, the estate realized no taxable income from the transaction. He further held that the corporation which took over the instalment accounts receivable from the estate was entitled to include said instalment accounts receivable in its assets at their fair market values as at the date of acquisition, and that only the excess, if any, over that value, subsequently received, constituted taxable income.

* * *

Federal Trade Commission

The Federal Trade Commission is especially close to the industries of the Nation. This commission is holding the "big stick" over unethical trade practice, yet on the other hand, the Federal Trade Commission may be termed the "big brother" of business, pointing the way to fair and honest competition in the field of industry. Among the most important functions of this department of the government are the enforcing of the laws against unlawful combination, restraint of trade and unfair competition.

Among recent cases the Commission has issued orders against certain varnish manufacturers, after a thorough hearing on the merits, to cease and desist from secretly giving or offering to give, directly or indirectly, employees of its customers or prospective customers, or those of its competitors' customers or prospective customers, without the knowedge or consent of their employers, as an inducement to influence their employers to purchase or to contract to purchase from the respondent, varnish and kindred products, or to influence such employers to refrain from dealing or contracting therefor, money or anything of value.

Other orders directed to lumber dealers, prohibit the use of the word "Mahogany" or "Philippine Mahogany" in relation to certain woods unless such wood or lumber is derived from the trees of the mahogany family.

Others prohibit a concern from its policy of securing the maintenance of resale prices for its products by co-operative methods in which the manufacturer and the distributors, customers and agents, undertake to prevent the sale of its products for less than resale prices. Still another case prohibits the use of the word "Cocoon" on garments unless they be made of silk or a product of the silk worm. One case prohibits woolen goods concerns from using the word "Mill" or "Mills" or words of like import in the business of selling and distributing knitted or woven products in interstate commerce unless the dealer actually owns or directly controls or operates a mill or mills in which said garments are manufactured or produced. Numerous silverware manufacturers and dealers have been enjoined on the use of the word "Sheffield" on silverware which is not made in Sheffield, England.

Trust Service and Credits

(*Continued from page 18*)

business and industrial world will demand of a debtor that he arrange his affairs on a business basis before credit will be extended. A few years ago the usual credit information blank did not carry a line for life insurance. Now every credit statement blank has a place for life insurance.

Let us also speed the day when every man will be asked, "Have you made your will?" Men are prone to use business sense in everything in life except arranging that the affairs of their families will be properly administered. This important function they utterly ignore to the distress and unhappiness of their loved ones and to the annoyance and loss of their creditors.

Why Brag?

The Credit Manager is the one who will ultimately bring about a change in this practice. If he will insist that those applying for credit give assurance that their personal affairs have been so arranged that there will be no confusion when they die, then he will bring about a reformation in our business life. Dun and Bradstreet's will give a report of the business failures and the losses for certain periods. They take cognizance of every other business risk and report on the casualties. But no one has yet calculated the gigantic losses occasioned by negligence, both on the part of the debtor in not making proper arrangements for administering his estate and the creditor in not demanding that such arrangements be made.

I have never seen an article or heard an address on this point. I may be pioneering in this idea. But I confess that *I am wholly unable to see where American business men can claim prowess in handling big business problems while closing their eyes to the vast chasm that yawns at their feet, ready to receive the losses that they will toss in through their negligence.*

Efficient trust service in administering estates, when well defined plans have been laid in co-operation with the Credit Manager, the lawyer, and the Trust Officer, will bridge the great chasm just described.

N. A. C. M. Officers and Branches

as of October 15, 1928

Pres., FRANK D. ROCK Armour & Co. Denver	Exec. Mgr., Sec. and Treas. STEPHEN I. MILLER One Park Ave., New York	Asst. Treas. RODMAN GILDER One Park Ave., New York
Vice-Pres. WILLIAM FRASER J. P. Stevens & Co. New York	Vice-Pres., J. H. SCALES Belknap Hardware & Mfg. Co. Louisville	Vice-Pres., E. D. ROSS Irwin-Hodson Co. Portland
Eastern Division Manager E. PAUL PHILLIPS One Park Avenue New York	Central Division Manager E. B. MORAN 33 So. Clark St. Chicago	Western Division Manager B. B. TREGOE 512 Oceanic Bldg. San Francisco

Note: A. C. M. means Association of Credit Men

ALABAMA, Birmingham—Birmingham C. M. A. Pres., T. C. Buckshaw, Doster, Northington, Inc.; Sec.-Mgr., R. H. Eggleston, 321-23 Lincoln Reserve Life Bldg.

Mobile—Mobile C. M. A. Pres., Z. H. McKinley, Toomey Notions Co.; Sec., J. G. Goodman, 415 State Office Bldg.

Montgomery—Montgomery A. C. M. Pres., Max Eisenberg, Loeb Hardware Co.; Sec., J. M. Holloway, Credit Reporting Co., 410 Shepherd Bldg.; Asst. Sec., Arthur Walker.

Selma—Selma A. C. M. Pres., W. F. Ormond, Cawthon-Coleman Drug Co.; Sec., Wm. C. Vaughn, Tissier Hardware Co.

ARIZONA, Phoenix—Arizona Credit Men's Assn. Pres., C. W. DeMund, Arizona Hdwe. Supply Co.; Secy., C. W. Lindsley, Arizona Assn. Credit Men, 628 Security Bldg.

ARKANSAS, Fort Smith—Fort Smith A. C. M. Pres., Davis Crane, Crane Candy Co.; Sec., Marion Bird, R. M. B. Produce Co.; Treas., J. R. Purdom, Ft. Smith Coffee Co.

Little Rock—Little Rock A. C. M. Pres., J. N. Dillard, Callaway-Martin-Dillard Co.; Sec.-Mgr., H. O. Arendt, Little Rock A. C. M., 207 Enterprise Bldg.

CALIFORNIA, Los Angeles—Los Angeles A. C. M. Pres., J. M. Rust, Union Oil Co.; Sec., S. P. Chase, 111 W. 7th St.; Asst. Sec., Anne L. Robins.

Oakland—Oakland A. C. M. Pres., Harry J. Harding, The Oakland Bank; Sec., K. S. Thomson, 627 Central Bank Bldg.

San Diego—Wholesalers Board of Trade & Credit Assn. of San Diego. Pres., D. S. Simison, Izer-Davis Co.; Sec., Carl O. Retsloff, 573 Spreckles Bldg.

San Francisco—San Francisco A. C. M. Pres., George Kern, Crocker First Natl. Bank; Sec., O. H. Walker, 512-514 Oceanic Bldg., 2 Pine St.

COLORADO—Denver—Rocky Mountain A. C. M. Pres., Fred L. Andrews, Davis Bros. Drug Co.; Sec., James B. McKelvy, 333 Cooper Bldg.

Pueblo—Pueblo A. C. M. Pres., R. R. Gillett, J. S. Brown Merc. Co.; Sec., G. W. Everett, Armour Co.; Asst. Sec., Harry S. Peterson, 312 Thatcher Bldg.

CONNECTICUT—Conn. State Credit Assn., State Secy., J. H. Donovan, 23 Temple St., New Haven; Ct. Service Depts. for all Conn. Assns.

Bridgeport—Bridgeport A. C. M. Pres., John E. Kohler, American Fabrics Co.; Sec., John L. Beardsley, Morris Plan Bank.

Hartford—Hartford A. C. M. Pres., E. E. Ogren, Stanley Works, New Britain, Conn.; Sec., J. E. Prentis, Merrow Machine Co., Hartford.

New Haven—New Haven C. M. A. Pres., Wm. E. Fertman, The G. & O. Mfg. Co.; Sec., Garton M. Redfield, First National Bank.

Waterbury—Waterbury A. C. M. Pres., Frank J. Newcomb, M. J. Daly & Sons, Inc.; Sec., Vincent A. Miller, The Bradstreet Co., 51 Leavenworth St.

DIST. OF COLUMBIA, Washington—Washington A. C. M. Pres., L. T. Watts, Standard Oil Co.; Sec., John A. Reilly, 827 Munsey Bldg.

FLORIDA, Jacksonville—Credit Assn. of Northern Florida. Pres., W. H. Dowling, Cheek-Neal Coffee Co.; Sec., W. B. Oliver, 906 Atlantic Natl. Bank Bldg.

Miami—Southeastern Credit Assn. of Florida. Pres., C. W. Van Landingham, Miami Daily Herald; Sec.-Mgr., F. G. Hathaway, 27 N. W. Miami Court.

Tampa—Tampa A. C. M. Pres., E. J. Keefe, Bryan-Keefe & Co.; Sec., S. B. Owen, P. O. Box 13.

GEORGIA—Atlanta—Atlanta A. C. M. Pres., P. M. Milliams, Ernest L. Rhodes Co.; Sec., C. L. Williamson, 305 Chamber of Commerce Bldg.

Augusta—Southeastern Credit Assn. Pres., R. A. Heath, Heath, Bolster & Turner; Mgr. T. C. Cross, 313-15 Southern Finance Bldg.

Macon—Macon A. C. M. Pres., C. J. Davis, Happ Bros. Co.; Sec., T. E. Chambers, Fourth National Bank; Corres. Sec., W. B. Birch, Jr.

Savannah—Savannah C. M. A. Pres., F. B. Vincent, Citizens' & Southern Natl. Bank; mail to Savannah C. M. A. Secy., J. C. Cummings, c/o J. C. Pierce, Butler & Pierce, 301-15 W. Bay St.

IDAHO—Boise—Boise A. C. M. Ltd. Pres., C. F. Adams, Idaho Candy Co.; Sec., Mrs. Elsie R. Dickson, P. O. Box 588.

ILLINOIS, Chicago—Chicago A. C. M. Pres., S. Einstein, Florsheim Shoe Co.; Sec., J. F. O'Keefe, Room 976, First Nat'l Bank Bldg., 38 S. Dearborn St.

Decatur—Decatur A. C. M. Pres., I. N. Tomlinson, The Field and Shorb Co.; Sec., Miss E. J. Thompson, Decatur Grocer Co.; Asst. Sec. and Mgr., Mrs. H. S. McNulta, 220 Milliken Bldg.

Galesburg—Galesburg A. C. M. Pres., Arthur R. Howe, Howe-Anderson Co.; Sec., J. Willis Peterson, c/o Chamber of Commerce.

Peoria—Peoria A. C. M. Pres., Geo. H. Green, Keystone Steel & Wire Co.; Sec., H. F. Sehmer, 231 So. Jefferson Ave.

Quincy—Quincy A. C. M. Pres., A. T. Higgins, Reighard-Higgins Mfg. Co.; Sec., Frank Rothgeb, Quincy Confectionery Co.

Rockford—Rockford A. C. M. Pres., E. J. Duel, Empire Co., Ltd.; Sec., T. Thomas, 210 Stewart Bldg.

Springfield—Springfield A. C. M. Pres., F. G. Hester, Wiedlocher & Son, 2nd and Reynolds St.; Sec., Eda Mueller, Geo. A. Mueller Co.; Asst. Sec., Miss Louise Murphy, Chamber of Commerce Bldg.

INDIANA—Evansville—Evansville A. C. M. Pres., H. C. Dodson, Orr Iron Company; Sec., C. Howard Saberton, 607 Old Nat'l Bk. Bldg.

Ft. Wayne—Ft. Wayne A. C. M. Pres., Otto W. Scheumann, Bowser Loan & Trust Co.; Sec., S. E. Brink, 308 Standard Bldg.

Indianapolis—Indianapolis A. C. M. Pres., Ulysses Jordan, Fishback Co.; Sec.-Mgr., Merritt Fields, 507 People's Bank Bldg.

South Bend—South Bend A. C. M. Pres., A. H. Tyler, Standard Oil Co.; Sec., D. A. Weir, 412 J. M. S. Bldg.

Terre Haute—Terre Haute A. C. M. Pres., A. N. Levin, Levin Bros.; Secy., Henry E. Meyer, Morris Plan Co. of Terre Haute.

IOWA, Burlington—Burlington A. C. M. Pres., C. F. Sutor, Chittenden & Eastman Co.; Sec., Jesse L. Thomas, 515 Iowa State Bank Bldg.

Cedar Rapids—Cedar Rapids A. C. M. Pres., J. D. Nicoll, The Churchill Drug Co.; Sec., Milo O. Hanzlik, Barnes, Chamberlain, Hanzlik & Thomson, 616-22 Higley Bldg.

Davenport—Tri-City Credit Men's Assn. Pres., Frank Kohrs, Kohrs Packing Co.; Sec., H. B. Betty, 1001 First Nat'l Bank Bldg.

Des Moines—Des Moines C. M. A. Pres., W. W. Wilson, c/o International Oil Co.; Sec., Don E. Neiman, 820 Valley Nat'l Bank Bldg.

Ottumwa—Ottumwa A. C. M. Pres., Samuel Kittridge, S. Mahon & Co.; Sec., W. F. Grady, R. G. Dun & Co.

Sioux City—Inter-State A. C. M. Pres., Mr. E. B. Van Ordstrand, Standard Oil Co.; Sec., John Bohn, Sioux City Iron Co.; Asst. Sec., P. A. Lucey, P. O. Box 748.

Waterloo—Waterloo A. C. M. Pres., Guy J. Bondurant, Northley Mfg. Co.; Sec., J. E. Jordan, 214 Marsh-Place Bldg.

KANSAS, Wichita—Wichita A. C. M. Pres., Brace Bennitt, Fox-Vliet Drug Co.; Sec., V. D. Everitt, Jacob Dod Packing Co.; Hon. Sec. & Mgr., M. E. Garrison, 901-904 First Nat'l Bank Bldg.

KENTUCKY, Lexington—Lexington C. M. A. Pres., W. J. Robbins, Munn's Bros.; Sec., Mrs. E. Mae McGarry, 28-29 Northern Bank Bldg.

Louisville—Louisville C. M. A. Pres., C. K. White, Logan Company; Sec., S. J. Schneider, 3rd Floor Kenyon Bldg.; Asst. Sec., H. M. Kessler.

LOUISIANA, New Orleans—New Orleans C. M. A. Pres., Geo. Grundmann, Albert Mackie Co., Ltd.; Sec., T. J. Bartlette, 608 Louisiana Bldg.; Asst. Sec., Chas. S. Cobb.

Shreveport—Who. Credit Men's Ass'n. Pres., W. W. Newcomb, Ardis & Co.; Sec. and Mgr., John A. B. Smith, 223 Ardis Bldg.

MARYLAND, Baltimore—Baltimore A. C. M. Pres., Wm. L. Bean, McCormick & Co., Inc., 400 Light St.; Sec., Ira L. Morningstar, 81 West Redwood St.; Asst. Sec., Geo. J. Lochner.

MASSACHUSETTS, Boston—Boston Credit Men's Assn. Pres., Frank S. Hughes, Federal Reserve Bank, 30 Pearl St.; Sec., J. M. Paul, 38 Chauncy St.

Springfield—Western Mass. A. C. M. Pres., E. W. Hubbard, Chas. Hall, Inc., Main St.; Mgr., H. E. Morton, 616 State Bldg

Worcester—Worcester A. C. M. Pres., Herbert A. Stanton, Norton Co.; Sec., E. G. Robertson, 311 Main St.

MICHIGAN—Detroit—Detroit A. C. M. Pres., Julian Gifford, Zenith-Detroit Corp.; Sec., O. A. Montgomery, 1282 First National Bank Bldg.

Flint—Flint A. C. M. Pres., J. L. Rollins, Flint Structural Steel Co.; Sec., L. W. Murphy, 123 Paterson Bldg., S. Saginaw & 3rd Sts.

Grand Rapids—Grand Rapids C. M. A. Pres., Wallace G. Barclay, Barclay, Ayers & Bertsch; Sec., Edwin DeGroot, 450-452 Houseman Bldg.

Jackson—Jackson A. C. M. Pres., E. M. Hart, Hart Fruit Co.; Sec.-Treas., E. N. Paul, Consumers Power Co.

Kalamazoo—Kalamazoo A. C. M. Pres., Fred G. Dewey, Kalamazoo Trust & Savings Bk.; Sec., R. H. Johns, 307 Commerce Bldg.

Lansing—Lansing A. C. M. Pres., J. Harold Sessions, Capital Nat'l Bk.; Sec., R. V. De-Barry, The State Journal.

Saginaw-Bay City—Northeastern Michigan A. C. M. Pres., Fred Carle, Standard Oil Co., Saginaw, Mich.; Sec., A. H. Luedemann, Armour & Co., 226-30 Millard St., Saginaw.

MINNESOTA, Duluth—A. C. M. (Duluth-Superior). Pres., C. H. Kelley, Kelley-How-Thomson Co.; Sec. E. G. Robie, 501 Christie Bldg.

Minneapolis—Minneapolis A. C. M. Pres., H. S. Holbrook, John Leslie Paper Co.; Sec., J. L. Brown, 540 Baker Arcade.

St. Paul—St. Paul A. C. M. Pres., Geo. A. L. Johnson, Klinkerfues Bros., 901 E. 7th St.; Sec.-Treas., C. F. Miller, Northern Jobbing Co., 4th & Broadway.

MISSISSIPPI—Meridian—Mississippi A. C. M. Pres., Lee Shackleford, Melton Hdwe. Co.; Sec., S. H. McClary, Meridian Chamber of Commerce.

MISSOURI, Joplin—District Credit Men's Assn. Pres., John Henderson, Henderson Grocery Co.; Sec., W. A. Van Hafften, 213 Miners Bank Bldg.

Kansas City—Kansas City A. C. M. Pres., C. H. McLean, Graybar Electric Co.; Sec., C. L. Davis, 315 Hall Bldg.

St. Joseph—St. Joseph C. M. A. Pres., R. R. Ridge, First Nat'l Bank; Sec., R. E. Roddy, Armour & Co.

St. Louis—St. Louis A. C. M. Pres., D. J. McMahon, Armour & Co.; Sec., Orville Livingston, 214 N. Sixth St.

MONTANA, Billings—Montana-Wyoming A. C. M. Pres., Wm. Lundberg, Stone-Ordean-Wells Co.; Sec., Meredith J. Davies, 411-412 Stapleton Bldg.

Great Falls—Northern Montana A. C. M. Pres., J. I. Hayes, Suhr Fruit Co.; Sec., F. J. Gies, F. J. Gies Co.; Mgr., Mrs. M. M. Berthelote, P. O. Box 1784.

Helena—Helena A. C. M. Pres., M. V. Wilson, Helena Hdw. Co.; Sec., A. M. Holter, Holter Hdw. Co.; Asst. Sec., P. G. Schroeder, Room 9, Pittsburgh Block.

NEBRASKA, Lincoln—Lincoln A. C. M. Pres., J. A. Harvey, J. C. Ridnour Co.; Sec.-Treas., R. V. Koupal, McKelvie Pub. Co., of Lincoln.

Omaha—The Omaha A. C. M. Pres., L. B. Bush, Gate City Nat. Co.; Executive Manager, G. P. Horn, 1122 Harney Street.

NEW JERSEY, Newark—North Jersey A. C. M. Pres., Frank E. Caffrey, Pittsburgh Plate Glass Co.; Sec., Wm. H. Whitney, 17 William St.

NEW YORK, Albany—Albany A. C. M. Pres., Howard S. Sanders, Eastern Tablet Corp.; Sec., Walter C. Kathan, General Ice Cream Co.

Buffalo—Credit Assn. of Western N. Y. Pres., Frank X. Ernst, Buffalo Gravel Corporation; Sec.-Mgr., Howard C. Ferrell, 704-705 Erie County Bank Bldg.

Elmira—Elmira A. C. M. Pres., Wm. A. Shaffer, LeValley, McLeod Kinkaid Co.; Sec., L. H. Teeter, Mandeville & Personius, 512 Robinson Bldg.

Jamestown—Jamestown A. C. M. Pres., Alfred T. Mace, Premier Cabinet Corp.; Sec., D. F. Howe, Chamber of Commerce.

New York—New York Credit Men's Assn. Pres., David E. Golieb, Einstein Wolff Co.; Sec., W. W. Orr, 468 4th Ave.

Rochester—Rochester A. C. M. Pres., Harold H. Kase, Taylor Instrument Companies; Sec., T. E. McCallion, 205 Wilder Bldg.

Syracuse—Syracuse A. C. M. Pres., Robert B. Porter, First Trust & Deposit Co., South Warren St.; Sec., Stanley R. Barker, 511 Clark Music Bldg.

Utica—Utica A. C. M. Pres., John S. Van Vliet, Utica Knitting Co.; Sec., Harmon Eggers, Room 309, Arcade Bldg.

NORTH CAROLINA, Charlotte—Charlotte A. C. M. Pres., I. W. Stewart, Commercial Nat'l Bank Bldg., So. Tryon St.; Sec.-Mgr., W. H. Abernethy, Jr., 1117 Commercial Bank Bldg.

Greensboro—Greensboro A. C. M. Pres., A. G. Ellington, W. I. Anderson & Co.; Sec., F. R. Stout, Odell Hardware Co.

High Point—High Point A. C. M. Pres., C. H. Marriner, Commercial Nat'l Bank; Sec., J. W. Fambrough, P. O. Box 609.

Winston-Salem—Winston-Salem A. C. M. Pres., C. E. Landreth, Forsyth Dairy Co.; Sec., E. C. Fearrington, Brown-Williamson Tobacco Co.

SOUTH CAROLINA, Augusta—Southeastern Credit Assn., 313-15 S. Finance Bldg., Augusta, Ga., offices in Columbia and Charleston, S. C.

NORTH DAKOTA, Fargo — Fargo Moorhead Assn. Credit Men. Pres., R. E. Swenson, De Camp Mercantile; Sec.-Treas., E. A. Seefeldt, Stone-Ordean-Wells Co.

Grand Forks—Grand Forks A. C. M. Pres., H. E. Hall, Nash Bros.; Sec., John Vallely, Security Bldg., Grand Forks, N. D.

Minot—Minot A. C. M. Pres., G. Fred Brett, Minot Supply Co.; Sec., D. W. Owen, Minot Assn. of Commerce.

OHIO, Cincinnati—Cincinnati A. C. M. Pres., A. T. Woodward, The United States Shoe Co.; Sec.-Mgr., John L. Richey, Temple Bar Bldg., Court and Main Sts.

Cleveland—Cleveland A. C. M. Pres., I. E. Stein, A. R. Duncan, Jr., Co.; Ses., D. W. Cauley, 322 Engineer's Bldg.; Asst. Sec., E. L. Carter.

Columbus—Central Ohio Cr. Interchange & Adjust. Bureau. Pres., Raymond Link, Ohio Nat'l Bank of Columbus; Sec., J. E. Fagan, 244 So. 3rd St.

Dayton—Dayton A. C. M. Pres., J. A. MacMillan, Dayton Rubber Mfg. Co.; Sec., Tom Talbot, 620 Reibold Bldg.

Portsmouth—Portsmouth A. C. M. Pres., Chas. C. Brock, The Portsmouth Stove & Range Co.; Sec., B. A. Leichner, The Standard Supply Co.

Toledo—Toledo A. C. M. Pres., Geo. M. Bender, The Union Supply Co.; Exec. Mgr., Geo. B. Cole, 136 Huron St.

Youngstown—Youngstown A. C. M. Pres., Lloyd R. Wallis, The Youngstown Foundry & Mach. Co.; Sec., H. B. Doyle, 1110-12 Mahoning Nat'l Bank Bldg.

OKLAHOMA—Oklahoma City—Oklahoma City A. C. M. Pres., Carl L. Wells, Patterson & Hoffman Co.; Sec., E. E. Barbee, 230-33 Terminal Arcade Bldg.

Tulsa—Tulsa A. C. M. Pres., T. C. Wright, Swift & Co.; Sec., V. P. Wilson, 217 Tulsa Nat'l Bank Bldg.

OREGON, Portland—Portland A. C. M. Pres., G. C. Blohn, West Coast National Bank; Executive Secretary, H. P. Lambert, 671 Pittock Block.

PENNSYLVANIA, Allentown—Lehigh Valley A. C. M. Pres., Reuben H. Bachman, Bee Automobile Co.; Sec., J. H. J. Reinhard, 403 Hunsicker Bldg.

Harrisburg—Harrisburg A. C. M. Pres., Jos. Claster, 119 So. 2nd St.; Sec., Charles W. Blosser, F. O. Box 706.

New Castle—New Castle A. C. M. Pres., W. C. McKeown, Penn. Power Co.; Sec., Roy M. Jamison, 332 Safe Deposit & Trust Bldg.

Philadelphia—Philadelphia A. C. M. Pres., W. Dayton Shelly, John B. Stetson Co.; Sec., David A. Longacre, 1503 North American Bldg.

Pittsburgh—The Credit Association of Western Penn. Pres., S. B. Congdon, Bank of Pittsburgh; Exec. Mgr., L. I. MacQueen, 1213 Chamber of Commerce Bldg.

Johnstown—Credit Assn. of Western Penn., R. H. Coleman, District Mgr., 632 Swank Bldg.

Uniontown—Credit Assn. of Western Penn., F. W. Mosier, District Mgr., 701 Fayette Title & Trust Bldg.

Reading—Reading C. Men's Assn. Pres., C. Raymond Van Reed, Van Reed Paper Co., Inc.; Sec., Edwin Himmelberger, 44 N. 6th St.

Scranton—Inter-State Credit Men's Assn. Pres., W. B. Oliver, First National Bank; Sec., George H. MacDonald, 400 Scranton Times Bldg.

Wilkes-Barre—Wilkes-Barre A. C. M. Pres., Ben F. Evans, Miner-Hillard Milling Co.; Sec., Geo. H. McDonnell, 606-607 Brooks Bldg.

RHODE ISLAND, Providence — Rhode Island Credit Men's Assn. Pres., Albert A. Wainwright, Gotham Mfg. Co.; Sec., Ralph S. Potter, R. I. Credit Men's Assn.; Exec. Mgr., Chas. E. Austin, Jr., 87 Weybosset St.

SOUTH DAKOTA, Sioux Falls—Sioux Falls A. C. M. Pres., R. S. Sloan, Crane Co.; Sec., R. W. Gunderson, Bridgeman-Russel Co.

TENNESSEE, Chattanooga—Chattanooga A. C. M. Pres., W. F. Smith, Chattanooga Medicine Co.; Sec., J. H. McCallum, Hamilton Nat'l Bk. Bldg.

Knoxville—Knoxville A. C. M. Pres., H. H. Slatery, East Tennessee Packing Co.; Sec., W. E. Bibee, American Nat'l Bank Bldg.

Memphis—Memphis A. C. M. Pres., C. C. Heitmann, Armour & Co.; Sec.-Mgr., E. N. Dietler, 608 Randolph Bldg., P. O. Box 211; Asst. Sec., Miss Gladys E. Hess.

Nashville—Nashville A. C. M. Pres., H. A. Tenbrunsel, Power Packing Co.; Sec., Buford K. Harmon, 718 Stahlman Bldg.

TEXAS, Austin—Austin A. C. M. Pres., H. H. Voss, Voss & Koock; Sec., Horace C. Barnhart, P. O. Box 1075.

Beaumont—Beaumont A. C. M. Pres., C. C. Chinsky, c/o Josey-Miller Co.; Sec., H. M. Higgins, 315 Gilbert Bldg.

Dallas—Dallas Wholesale Credit Men's Assn. Pres., Bentley Young, National Casket Co.; Sec., E. F. Anderson, Suite 725, Santa Fe Bldg.

El Paso—Tri-State A. C. M. Pres., W. P. B. McSain, El Paso Nat'l Bank; Sec., James T. Neeson, 620-21-22 Caples Bldg.

Fort Worth—Fort Worth A. C. M. Pres., B. F. Brewer, Veihl Crawford Hdwe. Co.; Sec., C. O. Baker, Casey Swasey Co.; P. O. Box 1190.

Houston—Houston A. C. M. Pres., I. A. Keller, Theo. Keller Co.; Sec., Morris D. Meyer, 433-34 First Nat'l Bank Bldg.

San Antonio—San Antonio Who. C. M. A. Pres., R. D. Barclay, Nat'l Bank of Commerce; Sec.-Mgr., Henry A. Hirschberg, 313 Alamo Nat'l Bank Bldg.

Waco—Waco A. C. M. Pres., E. G. Lilly, Citizens Nat'l Bank; Sec., C. E. Rohloff, Beard & Stone Elec., Co.

Wichita Falls—Wichita Falls A. C. M. Pres., Alvah Conner, American Refining Co.; Sec.-Mgr., John W. Thomas, City National Bank Bldg., P. O. Box 368.

UTAH, Salt Lake City—Inter-Mountain A. C. M. Pres., N. Y. Schofield, Z. C. M. I. Sec., C. E. West, Utah Fuel Co.; Sec.-Mgr., Robert Peel, 1411 Walker Bank Bldg

VIRGINIA-TENNESSEE, Bristol—Bristol A. C. M. Pres., G. Tollie Thomas, Mitchell Powers Co.; Sec., Geo. D. Helms, Gibson Candy Co.

Lynchburg—Lynchburg A. C. M. Pres., W. H. Bowles, Barker Jennings Hdwe. Corp.; Sec., E. W. Kenley, L. E. Lichford.

Norfolk—Norfolk-Tidewater A. C. M. Pres., W. R. Meech, Lyon & Greenleaf Co.; Sec.-Mgr., Shelton N. Woodward, 1210 Nat'l Bank of Commerce Building.

Richmond—Richmond A. C. M. Pres., T. Coleman Andrews, T. Coleman Andrews Co.; Sec.-Mgr., J. P. Abernethy, 208 State Planters Bk. Bldg.

Roanoke—Roanoke A. C. M. Pres., W. F. Davis, Roanoke Sunlight Bakery; Sec.-Treas., H. W. Hobson, Roanoke City Mills, Inc.

WASHINGTON, Seattle—Seattle A. C. M. Pres., W. S. Gruger, Imperial Candy Co.; Sec., John A. Bennett, 380-81 Colman Bldg.

Spokane—Spokane Merchants Association. Pres., C. G. Gamble, Crane Co.; Sec.-Treas., J. D. Meikle, 718 Realty Bldg.

Tacoma—Wholesalers' A. C. M. Pres., J. D. Elder, W. P. Fuller & Co.; Sec., Edward B. Lung, P. O. Box 1207.

WEST VIRGINIA, Bluefield—Bluefield A. C. M. Pres., C. W. Pierce, Keys Planing Mill Co.; Sec., C. B. Smith, P. O. Box 449.

Charleston—Charleston A. C. M. Pres., Chas. W. Chesley, Charleston Electrical Supply Co., 406 Capital City Bank Bldg.; Sec., Lee H. Henkel, 406 Capital City Bank Bldg.

Clarksburg—Central West Virginia A. C. M. Pres., R. J. Hartley, Clarksburg Wholesale Co.; Sec., U. R. Hoffman, 410 Union Bank Bldg.

Huntington—Huntington A. C. M. Pres., D. A. Hall, Twentieth Street Bank; Sec. C. C. Harrold, Huntington First Nat'l Bank Bldg., 12th Floor, 1200.

Parkersburg—Parkersburg-Marietta A. C. M. Pres., A. A. Merritt, Parkersburg Iron & Steel Co.; Sec., J. W. Wandling, R. G. Dun & Co., Parkersburg, W. Va.

Wheeling—Wheeling A. C. M. Pres., E. A. Rose, Wheeling Corrugating Co.; Sec., H. R. Davis, P. O. Box 687.

Williamson—Williamson A. C. M. Pres., H. G. Wilburn, Williamson Grocery Co.; Sec., Albert E. Bivens, Southern Refrigeration Co.

WISCONSIN, Fond du Lac—Fond du Lac A. C. M. Pres., A. O. Benz, The Glason-Tubbs Co.; Sec., L. N. Richter, A. P. Baker Agency. Mail to P. O. Box 313.

Green Bay—Northern Wisconsin-Michigan A. C. M. Pres., C. V. Nichols, Morely-Murphy Co.; Sec., C. W. Shekey, 123 No. Washington St.

Milwaukee—Milwaukee A. C. M. Pres., M. J. Brew, Jewett & Sherman Co.; Sec., James G. Romer, 708-9--10 Mayer Bldg.

Oshkosh—Central Wisconsin A. C. M. Pres., Geo. T. Graham, Geo. T. Graham Co.; Sec., Chas. D. Breon, 311-12 First Nat'l Bank Bldg.

Instalment Brides

ENGAGEMENT rings have for a long time been purchased on the instalment plan in this country. An Associated Press Dispatch from Uskub, Macedonia, reports that wives are now being purchased on the instalment or hire-purchase system in Macedonia. Times are hard in that former Turkish province, and the old habit has been abandoned of paying the bride's father in cash the entire amount of the dowry to which he is entitled. Nowadays the bridegroom pays 25 per cent. in gold on the day of the engagement, 25 per cent. on the wedding day and the balance in several equal yearly instalments. The total amount ranges between 10 and 100 Turkish pounds—the Turkish pound, gold, being valued at about $4.30.

THE NATIONAL INSTITUTE OF CREDIT

Presents

A NEW CURRICULUM

REVISED REQUIREMENTS

In response to the wishes of the Educational Committees of many local Associations, the National Institute of Credit has made important changes in the program of courses required for its Junior and Senior Certificates. The new requirements, which are effective immediately, are set forth in the box in the center of this page.

ORGANIZATION of CHAPTERS

One of the Association's chief objectives for the year 1928-29 is the establishment of a large number of new Chapters of the Institute. The Director of the Department of Education and Research will, by direction of the Executive Manager, spend much of his time in the field, assisting local Secretaries and Educational Committees in Chapter organization work. The Officers and Directors of the Association desire particularly to bring into the National program a number of important locals which have been conducting credit courses but which have not organized Chapters of the Institute.

JUNIOR CERTIFICATE

	Hours
Credits and Collections	30
Financial Statement Analysis	30
Business English (emphasizing Credit and Collection correspondence)	30
Economics	30
Total	120

SENIOR CERTIFICATE

Business Law	30
Merchandising	30
Public Speaking	30
Advanced Credits	30
Total	120

REGISTRATION

In order to give each Chapter member a direct contact with the Institute and to enable the Institute to be of the greatest possible help to its students, a new system of registration will be put into operation. Special registration forms in duplicate will be furnished to the Chapters at cost. The original is to be sent to the National Office and the duplicate retained as part of the Chapter records. At the end of each course the Chapter Secretary will certify to the National Office the grades of all students completing the course. Course cards will then be issued over the signature of the Director of the Department.

CERTIFICATES

An enlarged and improved Certificate will be issued to students who qualify under the Junior and Senior programs. These will be engrossed, suitable for framing, and will carry a seal and the signatures of the Executive Manager and the Director of the Department, as well as those of several other local or National officers of the Association. A nominal fee, sufficient to cover the cost of engraving, engrossing and mailing, will be charged for the Certificates.

ASSOCIATES AND FELLOWS

Recognition of experience, in addition to educational training, will be continued. Students who have been awarded the Junior Certificate and who have had three years of practical credit experience become Associates of the National Institute of Credit. Students who have been awarded the Senior Certificate and who have had five years of practical experience become (provided they are at least 25 years of age) Fellows of the National Institute of Credit.

TEXTS

For the year 1928-29, Chapters will choose their own texts in all courses except Public Speaking, in which the Institute will provide the text. By the fall of 1929 the Institute will, in all probability, provide its own text also in Credits and Collections. Other Institute texts will be added as rapidly as possible.

CORRESPONDENCE COURSES

The Institute now offers two correspondence courses: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be solved and sent to the Director of the Institute for correction and grading, after which they are returned to the student with grade and comments.

The text in the Credits and Collections course is the original edition of "Credits and Collections," by David E. Golieb and Richard P. Ettinger. In the Basic Economics course the text is Henry Clay's "Economics for the General Reader" (the American edition, edited by Professor Eugene E. Agger).

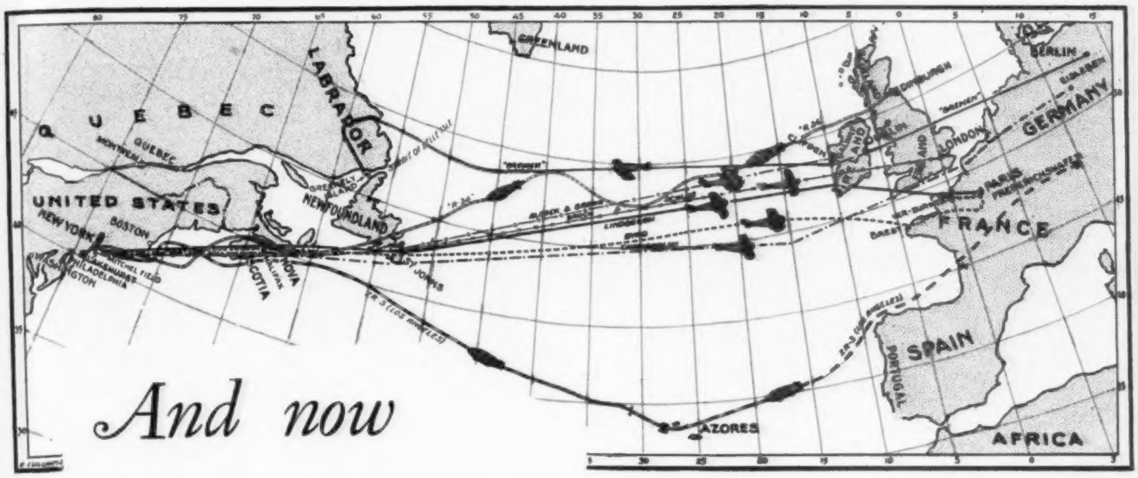
The courses are $20.00 each, or $35.00 if taken together. This is at cost. Students who wish full information concerning the correspondence courses should fill out and mail immediately the coupon at the lower left-hand corner of this page.

DR. FRANK A. FALL
NATIONAL INSTITUTE OF CREDIT, DEPT. 11
One Park Avenue
New York City.

Will you kindly mail me information concerning the following courses: (Check course desired).
"Basic Economics" ( )
"Credits and Collections" ( )

Name..............................
City.................... *State*..........
Street..............................
Firm..............................

Routes of the Pioneers



And now

the GRAF ZEPPELIN

THE old order changes; new trails blaze the way to closer ties in the world's commercial relations.

The day of the individual trader is gone; in his place comes organized effort to gain and hold the markets of the world.

In the field of Foreign Credit, the pioneers have shown the way to provide a valuable, effective and economical means of securing the interchange of credit experience.

For practical co-operation, investigate the services of the

FOREIGN CREDIT INTERCHANGE BUREAU

National Association of Credit Men

One Park Avenue New York, N. Y.

You cannot afford to play a lone hand in Export Credit